From:	John Kim
To:	Ronald Kwan
Cc:	Deena Padamadan
Subject:	2017 05 09 GA Financing - Equity Injection Discussion v04_Markup3.docx
Date:	Friday, May 12, 2017 8:58:41 PM
Attachments:	2017 05 09 GA Financing - Equity Injection Discussion v04_Markup3.docx

---

Hi Ron,

As mentioned earlier today, we tried to make EIGS' note basically not to be outdated in terms of the decision points and tried to edit minimally. I can go back to them with the caveat that it's staff level edits.

Thanks,

John

GA Financing – Equity Injection

Briefing Note

Commented [SK81]: Some edits before mainly for clarity based on my understanding. Happy to have changes reverted back.

PURPOSE:

- Provide an overview on the timing / mechanics for equity injections by the Province to OPG to support GA financing

CONTEXT:

- IESO will effectively sell the "right to collect" deferred future revenue from ratepayers (GA Asset) to the OPG Trust in return for cash proceeds
- In order for the OPG Trust to finance the GA asset on a long-term basis, the OPG Trust will obtain financing from two sources on an ongoing basis
    - 51% from capital markets
    - 49% as subordinated debt from OPG, which OPG will finance through:
        - **44% from equity injections from the Province**
        - 5% from capital markets
- OPG will require equity injections on an ongoing basis in order to keep maintain its capital structure ~~in line~~, and will require flexibility in order to issues shares as needed to the Province.

LONG TERM APPROVALS:

Equity Injection Plan

- OPG would include forecasts of its equity requirements in its business plan each year - ~~(~~typically provided to the province in the Fall~~),~~ - though this portion of the business plan would not be subject to concurrence by the shareholder
- The Ministry of Energy would seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements.
    - The Ministry of Energy has received an appropriation for up to $1.1B in equity injections for the fiscal year 2017/18.

SHORT TERM EQUITY INJECTION PROCESS:

- IESO settles contracts with and payments from LDCs / ratepayers
- IESO identifies shortfall and notifies OPG Trust and determines amount to purchase
- OPG Trust notifies OFA of corresponding equity injection requirement and number of shares issued
- OFA and OPG Trust settle equity injection amounts
- Timing for settlement of payments
    - [Five] business day window from notice to OFA to payment and settlement with OPG

- XX business day window for final payment and settlement with IESO

- Equity injections by OFA to OPG expected to occur monthly; no Provincial involvement on approvals

OTHER CONSIDERATIONS:

- Considerations have been given to sShare issuances ~~currently environed~~ envisioned ~~to be~~ with ~~redeemable~~ options to redeem by the Province~~.~~ and ~~and~~ with OPG ~~may also~~ having~~e~~ rights to buy back the shares
  - This ~~W~~would have provided the Province with a flexible mechanism to redeem its equity investment and for OPG to return to a more suitable capital structure as GA financing program progresses.
  - The Province is now contemplating equity injection through the common equity structure, however through a new class of shares [TBC].
  - ~~o~~
  - Shares may or may not be valued at par (i.e., $20 per share – as at December 31, 2016, OPG had 256,300,010 common shares outstanding at $5,126 million)
  - ~~, however through a new class of shares~~
- ~~Potential for ongoing valuation of shares either from financial statements or market-based valuation~~
  - ~~Book value basis could be viewed as a subsidy and [risk GBE status]~~
  - ~~Market valuation would account for premiums that are built over time~~
- May require a natural mechanism for OPG to return equity as borrowing ramps ~~up~~ down and principal is repaid
  - Consider potential for OPG to also pay interest/dividends on an regular (annual) basis
  - Regular interest/dividends ~~W~~would also ~~account~~ provide consideration for Province's costs ~~of~~ for funding OPG Trust
- Private financing by OPG Trust (51%) and OPG (5%) will initially be through short term debt (e.g., Canadian money-markets). ~~to~~ This will be subsequently rolled over to long-term debt as soon as possible.

From: John Kim
To: Bruno Amara
Subject: 2017 05 31 Outstanding Business Issues Ontario Fair Hydro Plan - v02_Markup2.docx
Date: Wednesday, May 31, 2017 11:59:33 AM
Attachments: 2017 05 31 Outstanding Business Issues Ontario Fair Hydro Plan - v02_Markup2.docx

---

Could you take a very quick look?

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

PURPOSE
Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (~~Service and~~ Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA and working towards the development of a term sheet
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - The Province would like to minimize to the extent possible , the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers
   - The Province is considering regulation changes to exempt the income arising as a consequence of the Fair Hydro Plan from PILs
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity
   - **Next Steps:**
     - The Ministries of Finance, OFA and OPG are working together to determine required regulation changes
     - Timing: [Next steps for a decision / when is a decision required / when would these regulation changes occur]

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**

- OPG will require equity injections on a monthly basis in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province
- The Ministry of Energy received appropriation for $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT
- **Next Steps:**
    - The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.
    - Timing: OPG will require the ability to issue equity in July, so mechanics and agreements should be finalized in June

4. Management Fees

- OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
- The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations which are currently in development
- OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements
- **Next Steps:**
    - OPG and OEB will bring forward a recommended framework for developing management fees
    - Timing: For incorporation into regulations being brought forward in June

5. Subordinated Debt Loan Agreement

- OPG will lend the equity injection from the Province to the Fair Hydro Trust by way of subordinated debt
- Based on monthly funding requirements of the GA asset, the Trust will use short term financing and take out bonds once short term funding reaches certain levels
- OPG and OFA are working on a Debt Loan Arrangement which would establish the interest rates on the subordinated debt
- **Next Steps:**
    - OPG and OFA will bring forward a recommended framework for determining interest rates
    - Timing: TBD

6. IESO – Increased Credit Facilities

- The OPG financing entity has the right to purchase the regulatory asset from IESO but ~~does~~is not ~~have~~mandated to purchase it.

- IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
- **Next Steps:**
    - OFA is drafting a new agreement for a $2 billion credit facility for the OFA to lend funds to IESO for FHP purposes. Concurrently, the OFA is seeking LRC approval for a new $2 billion OIC, as well as a Directive from the Minister of Finance, which are both necessary for the OFA to lend funds to IESO under the new Credit Facility. .....
    - Timing: The OIC is scheduled as item for the June 27, 2017 LRC meeting. The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017.....

7. OPG Indemnity

- OPG (and IESO) are asking for the Province to indemnify the IESO, OPG (the entities) and their respective directors, officers and employee in order to allow them to carry out their roles in implementing the Ontario Fair Hydro Plan and primarily the Global Adjustment refinancing.
- Depending on the structure of the indemnity requested, indemnity would be provided either under section 22 or under section 28 of the *Financial Administration Act.* [CEFD staff are assessing the request.]
- Consideration will need to be given as to how providing an indemnity will be perceived given that the GA refinancing structure is meant to be independent of the Province.
- **Next Steps:**
    - Staff in Ministry of Finance and Treasury Board Secretariat have received initial documents and are currently reviewing.
    - If the Province is to provide the indemnity, section 22(1) of the FAA specifies that an OIC will be required to authorize the Minister of Finance.
    - Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From:	John Kim
To:	Ronald Kwan
Subject:	2017 09 11 OFHP Outstanding Business Issues v02 (002).pptx
Date:	Friday, September 15, 2017 2:09:57 PM
Attachments:	2017 09 11 OFHP Outstanding Business Issues v02 (002).pptx

---

Hi Ron,

I've made my edits to this request from IGB….they'd like it for eod at Energy MO's request. Maybe a bit heavy handed on my edits for the equity injection slide.

I've asked FTD and CMD for comments and Ken has already commented.

Thanks,

John

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as financial services manager will be a Trust
- The Trust would be subject to tax under the Income Tax Act (Canada) (ITA) and the Ontario Taxation Act, 2007 (TA)
- The beneficiary of the Trust will be a corporation that will be directly or indirectly wholly-owned by OPG
  - The corporation, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - ~~PILs are used by the OEFC to help pay down the stranded debt of the former Ontario Hydro~~
- In order to mitigate the cost to ratepayers, the Province plans to bring forward a regulation under the *Electricity Act* that would exempt the corporation from paying PILs
- The Province will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financing Entity

Next Steps:

- Draft letter from the Minister of Finance to OPG in development that will provide comfort that the financing entity will be exempt from PILs
- The Ministry of Finance is working with OPG on a draft regulation which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to keep its capital structure in line, and will require flexibility in order to issue shares as needed
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the ~~Province~~ Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds following receipt of a certificate from the Ministry of Energy, as required under s.11.4 of the Financial Administration Act

Next Steps:

- OPG is seeking Board approval on September 29th
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement which outlines the terms of the subordinated debt
- Interest rates on the subordinated debt will be established as follows:
  - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying ~~Government of~~ Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate.

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement which is tracking to be finalized by the end of September

From: John Kim
To: Nadine Petsche (MOF); Bharat Patel (MOF)
Cc: Bruno Amara; "Montgomery, Kaitlin (MOF)"
Subject: Book value of shares - provincial equity injection
Date: Tuesday, June 06, 2017 5:01:25 PM

Hi Nadine, Bharat,

Do you have time for a quick call tomorrow?

We have a question.

John

Y. John Kim
Director, Electricity Finance Branch
Corporate & Electricity Finance Division
Ontario Financing Authority
Ph: 416-212-6996
Email: john.kim@ofina.on.ca

From:	John Kim
To:	Shajee Kathirgamanathan
Cc:	Bruno Amara; Gavin He
Subject:	Equity Injection Determination v6.pptx
Date:	Wednesday, November 15, 2017 12:52:01 PM
Attachments:	Equity Injection Determination v6.pptx

Hi Shajee,

Could you clean this version up a bit? Namely, I want to leave in all the slides but maybe, for example, slide 4, delete the pcart beyond the inflection point.

S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Funding the FHP - GA Financing Analysis

Thanks,

John

DRAFT

Preliminary Assessment – OPG Equity Injection

On September 28, 2017, the Minister of Energy provided Fair Allocation Amount and Readjustment Amount estimates over the FHP Reference Periods to OPG, the Financial Services Manager for the Fair Hydro Plan.

The following analysis is based on a preliminary assessment of annual OPG Equity Injection requirements using the information from the September 28, 2017 Ministry of Energy letter.

Energy staff indicate that scenarios involving the Fair Allocation Adjustment and Readjustment Amount continue to evolve in discussions with investment community and financial advisors. Information beyond 2021 is to be determined, as such CEFD is unable to make an assessment beyond 2021.

Subject to update and refinement.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year

- The table below outlines a preliminary assessment for the estimated annual equity injection amounts from the Province to OPG.

$M nominal	2017	2018	2019	2020	2021
Fair Allocation Amount[1]	(1191)	(1336)	(1064)	(855)	(621)
Readjustment Amount[1]	(188)	(885)	(1233)	(1523)	(1551)
Total Annual Borrowing Requirement[1]	(1378)	(2221)	(2297)	(2378)	(2172)
OPG Equity Injection (44%)	**(606)**	**(977)**	**(1011)**	**(1046)**	**(956)**

NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to calendar years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually including interest costs.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year

This slide kept in to show previous version Will delete before Sending to Risk

- The table below outlines a preliminary assessment for the estimated annual equity injection amounts from the Province to OPG.
- Due to the uncertain amounts of Clean Energy Adjustments expected to begin May 2021, longer term forecasts are less accurate.

$M nominal	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fair Allocation Amount[1]	(1191)	(1336)	(1064)	(855)	(621)	(396)	(201)	(53)	91	231	321	537	892	1340	1365	1486
Readjustment Amount[1]	(188)	(885)	(1233)	(1523)	(1551)	(1289)	(859)	(436)	(49)	-	-	-	-	-	-	-
Total Annual borrowing requirement[1]	(1378)	(2221)	(2297)	(2378)	(2172)	(1684)	(1060)	(489)	42	231	321	537	892	1340	1365	1486
OPG Equity Injection (44%)	**(606)**	**(977)**	**(1011)**	**(1046)**	**(956)**	**(741)**	**(466)**	**(215)**	**18**	**102**	**141**	**236**	**392**	**590**	**600**	**654**

$M nominal	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Fair Allocation Amount[1]	1609	2007	2201	2237	2185	2163	1892	1626	1484	1444	1385	1395	1421	1603	2006
Readjustment Amount[1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Annual borrowing requirement[1]	1609	2007	2201	2237	2185	2163	1892	1626	1484	1444	1385	1395	1421	1603	2006
OPG Equity Injection (44%)	**708**	**883**	**969**	**984**	**961**	**952**	**832**	**716**	**653**	**635**	**610**	**614**	**625**	**705**	**883**

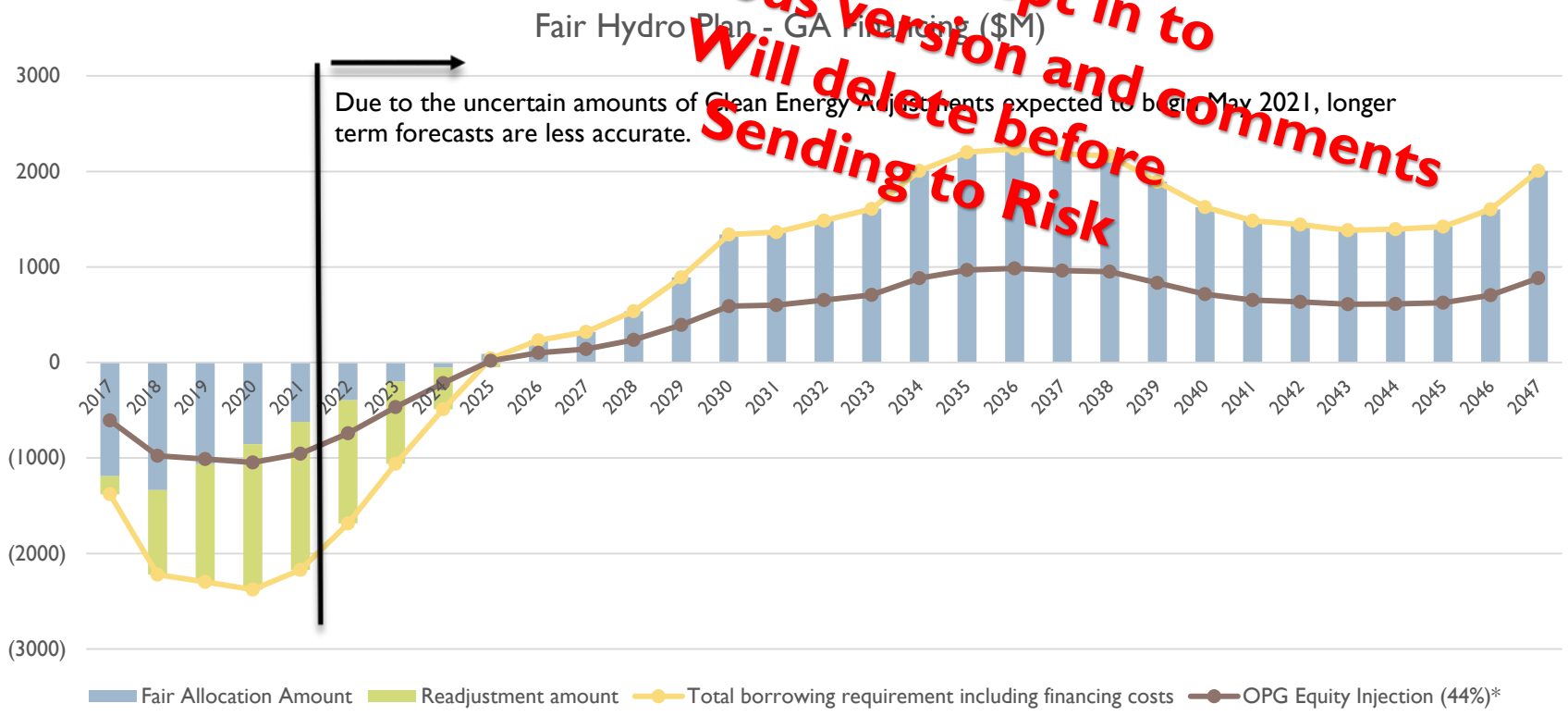
NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to calendar years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually including interest costs.

DRAFT

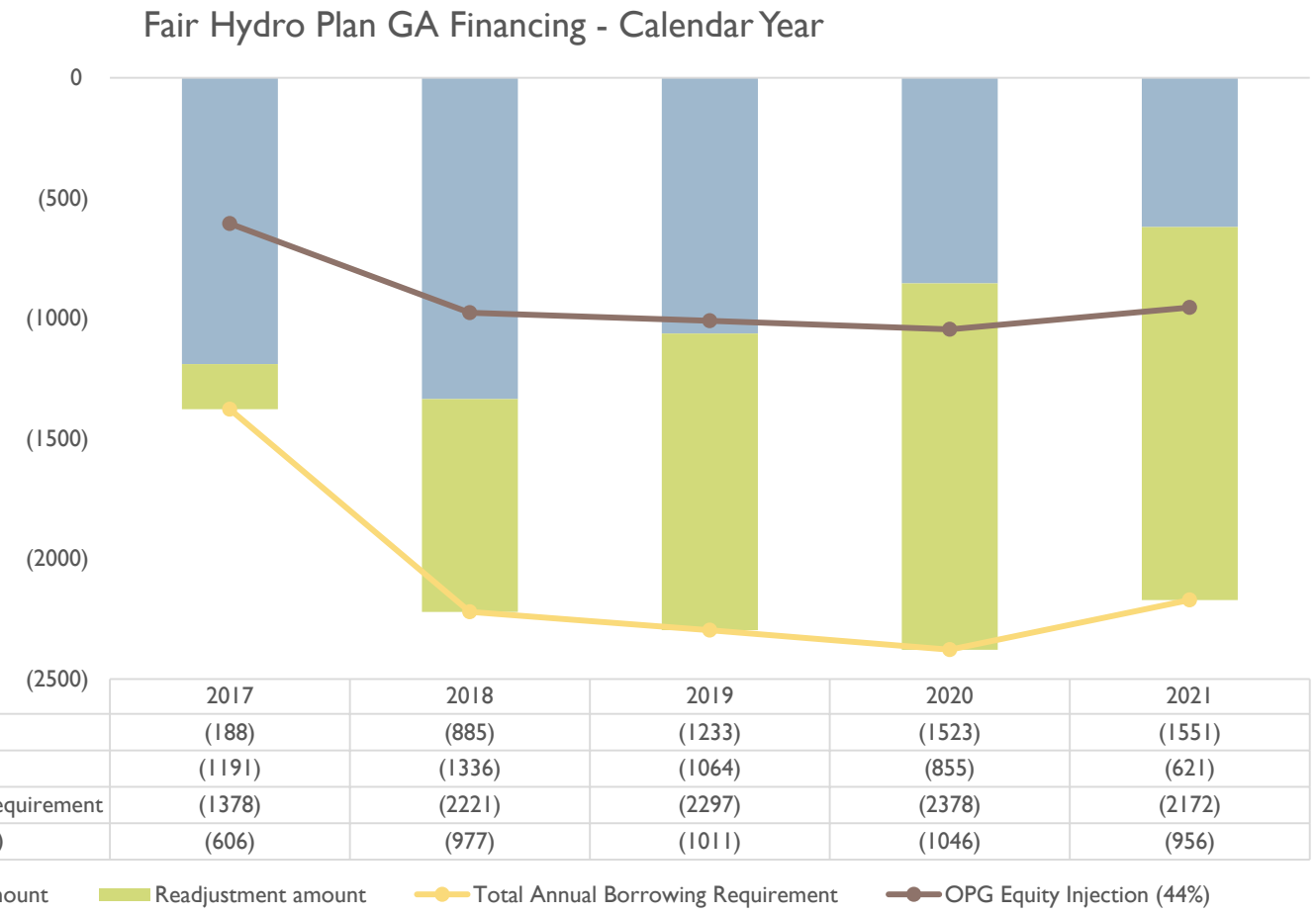
Preliminary Assessment – OPG Equity Injection – Calendar Year

This slide kept in to show previous version and comments Will delete before Sending to Risk



DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year



	2017	2018	2019	2020	2021
Readjustment amount	(188)	(885)	(1233)	(1523)	(1551)
Fair Allocation Amount	(1191)	(1336)	(1064)	(855)	(621)
Total Annual Borrowing Requirement	(1378)	(2221)	(2297)	(2378)	(2172)
OPG Equity Injection (44%)	(606)	(977)	(1011)	(1046)	(956)

DRAFT

Preliminary Assessment – OPG Equity Injection – Fiscal Year

- The table below outlines a preliminary assessment for the estimated annual equity injection amounts from the Province to OPG.

$M nominal	2017-18	2018-19	2019-20	2020-21
Fair Allocation Amount[1]	(1580)	(1227)	(1014)	(798)
Readjustment Amount[1]	(358)	(997)	(1312)	(1555)
Total Borrowing Requirement[1]	(1938)	(2224)	(2326)	(2353)
OPG Equity Injection (44%)	**(853)**	**(979)**	**(1023)**	**(1035)**

NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to fiscal years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually including interest costs.

DRAFT

Preliminary Assessment – OPG Equity Injection – Fiscal Year

This slide kept in to show previous version Will delete before Sending to Risk

- The table below outlines a preliminary assessment for the estimated annual equity injection amounts from the Province to OPG.
- Due to the uncertain amounts of Clean Energy Adjustments expected to begin May 2021, longer term forecasts are less accurate.

$M nominal	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
Fair Allocation Amount[1]	(1580)	(1227)	(1014)	(798)	(563)	(344)	(161)	(18)	128	254	362	613	1010	1373	1385	1510
Readjustment Amount[1]	(358)	(997)	(1312)	(1555)	(1508)	(1191)	(752)	(329)	(12)	-	-	-	-	-	-	-
Total borrowing requirement[1]	(1938)	(2224)	(2326)	(2353)	(2071)	(1535)	(913)	(347)	116	254	362	613	1010	1373	1385	1510
OPG Equity Injection (44%)	**(853)**	**(979)**	**(1023)**	**(1035)**	(911)	(675)	(402)	(152)	51	112	159	270	444	604	609	664

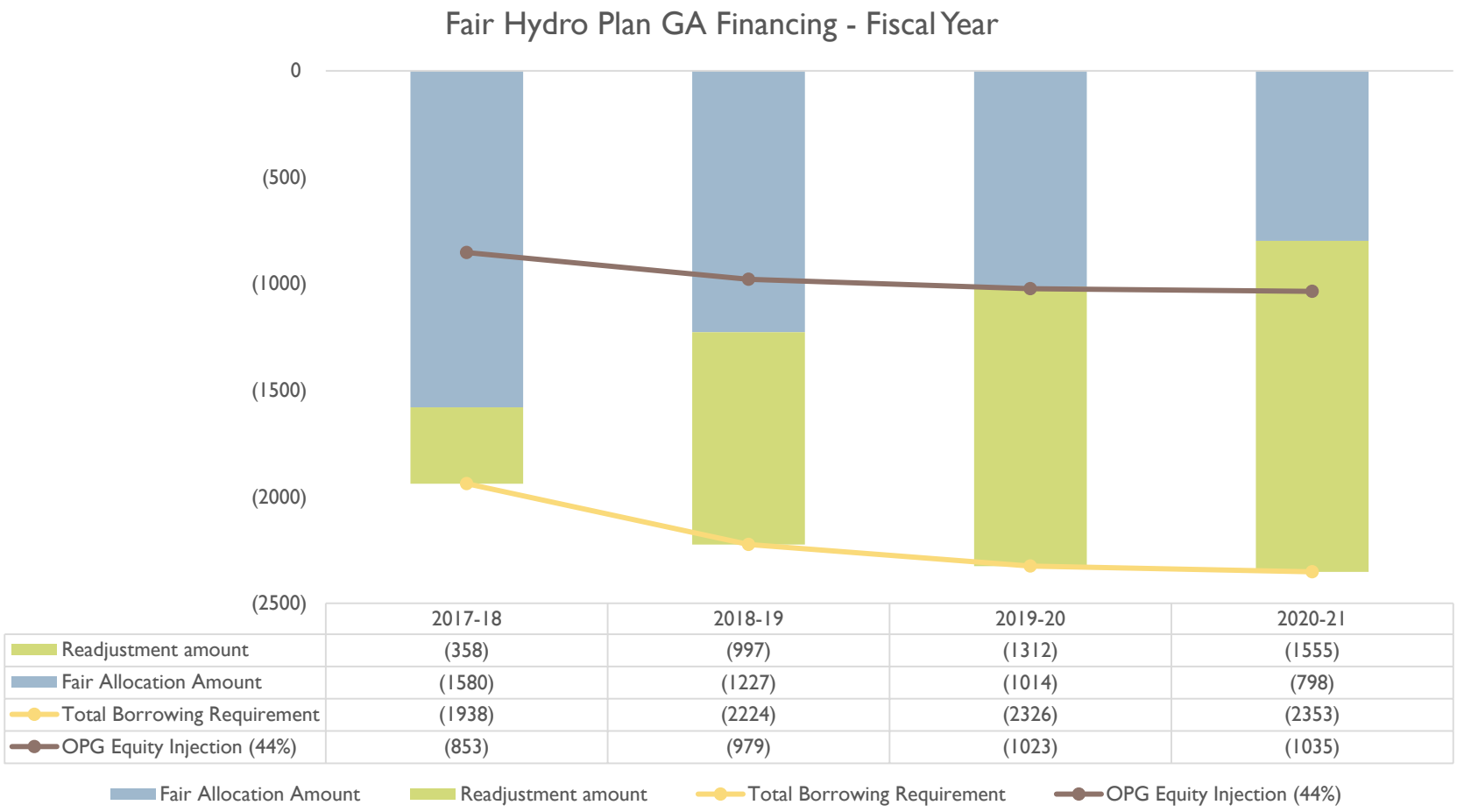
$M nominal	2033-34	2034-35	2035-36	2036-37	2037-38	2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47	2047-48
Fair Allocation Amount[1]	1694	2076	2221	2227	2183	2114	1820	1580	1468	1430	1383	1398	1449	1699	1534
Readjustment Amount[1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total borrowing requirement[1]	1694	2076	2221	2227	2183	2114	1820	1580	1468	1430	1383	1398	1449	1699	1534
OPG Equity Injection (44%)	745	913	977	980	960	930	801	695	646	629	608	615	637	748	675

NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to fiscal years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually when total is negative.

DRAFT

Preliminary Assessment – OPG Equity Injection – Fiscal Year



	2017-18	2018-19	2019-20	2020-21
Readjustment amount	(358)	(997)	(1312)	(1555)
Fair Allocation Amount	(1580)	(1227)	(1014)	(798)
Total Borrowing Requirement	(1938)	(2224)	(2326)	(2353)
OPG Equity Injection (44%)	(853)	(979)	(1023)	(1035)

From: John Kim
To: Ronald Kwan
Subject: Equity Injection Determination v7.pptx
Date: Wednesday, December 06, 2017 1:14:51 PM
Attachments: Equity Injection Determination v7.pptx

Hi Ron,

I could share this with FTD and CMD. We were about to do that earlier but in a call with John Lee at OPG, they were to provide the tables consistent with the plan so . Checked with Tim again and they don't have it.

Thanks,

John

DRAFT

Preliminary Assessment – OPG Equity Injection

On September 28, 2017, the Minister of Energy provided Fair Allocation Amount and Readjustment Amount estimates over the FHP Reference Periods to OPG, the Financial Services Manager for the Fair Hydro Plan.

The following analysis is based on a preliminary assessment of annual OPG Equity Injection requirements using the information from the September 28, 2017 Ministry of Energy letter.

Energy staff indicate that scenarios involving the Fair Allocation Adjustment and Readjustment Amount continue to evolve in discussions with investment community and financial advisors. Information beyond 2021 is to be determined, as such CEFD is unable to make an assessment beyond 2021.

Subject to update and refinement.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year (5 year period)

- The table below outlines a preliminary assessment for the estimated annual equity injection amounts from the Province to OPG.

$M nominal	2017	2018	2019	2020	2021
Fair Allocation Amount[1]	(1191)	(1336)	(1064)	(855)	(621)
Readjustment Amount[1]	(188)	(885)	(1233)	(1523)	(1551)
Total Annual Borrowing Requirement[1]	(1378)	(2221)	(2297)	(2378)	(2172)
OPG Equity Injection (44%)	**(606)**	**(977)**	**(1011)**	**(1046)**	**(956)**

NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to calendar years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually including interest costs.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year

- Due to the uncertain amounts of Clean Energy Adjustments expected to begin May 2021, longer term forecasts are less accurate (*italicized below*).
- Based on these forecasts, funding requirements (equity injections) are expected to end in 2024.

$M nominal	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fair Allocation Amount[1]	(1191)	(1336)	(1064)	(855)	(621)	*(396)*	*(201)*	*(53)*	*91*	*231*	*321*	*537*	*892*	*1340*	*1365*	*1486*
Readjustment Amount[1]	(188)	(885)	(1233)	(1523)	(1551)	*(1289)*	*(859)*	*(436)*	*(49)*	-	-	-	-	-	-	-
Total Annual borrowing requirement/repayment[1]	(1378)	(2221)	(2297)	(2378)	(2172)	*(1684)*	*(1060)*	*(489)*	*42*	*231*	*321*	*537*	*892*	*1340*	*1365*	*1486*
OPG Equity Injection (44%)	**(606)**	**(977)**	**(1011)**	**(1046)**	**(956)**	***(741)***	***(466)***	***(215)***								

$M nominal	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Fair Allocation Amount[1]	*1609*	*2007*	*2201*	*2237*	*2185*	*2163*	*1892*	*1626*	*1484*	*1444*	*1385*	*1395*	*1421*	*1603*	*2006*
Readjustment Amount[1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Annual borrowing requirement/repayment[1]	*1609*	*2007*	*2201*	*2237*	*2185*	*2163*	*1892*	*1626*	*1484*	*1444*	*1385*	*1395*	*1421*	*1603*	*2006*

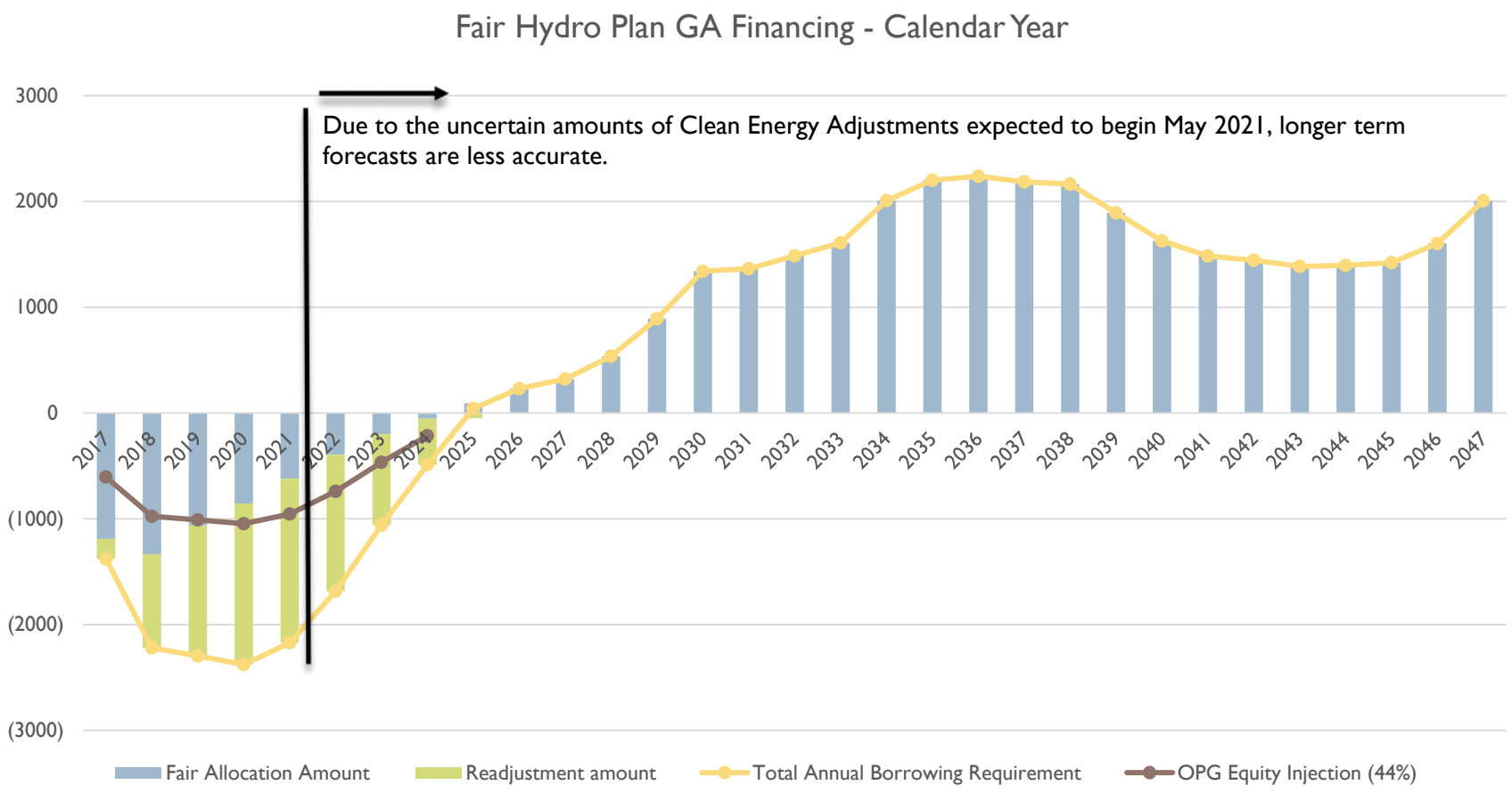
NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to calendar years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually including interest costs.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year

- OPG equity injections forecasted to end in ~2024 to ~2025 (subject to updates).
- OPG share-buy back process yet to be determined.



From: Montgomery, Kaitlin (MOF)
To: John Kim; Carlos Yep
Cc: Thomas Leung (MEDTE/MRI)
Subject: Equity Injection Term Sheet
Date: Monday, May 29, 2017 1:56:54 PM
Attachments: Term Sheet_Master Subscription_draftMay26.docx

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA~~/Province~~ to OPG

(ii) funds transfer from OFA to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Commented [KC1]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

From: John Kim
To: Felix Fung (MOF) (Felix.Fung@ontario.ca); James Strang (FIN) (James.Strang@ontario.ca)
Cc: Bruno Amara
Subject: Equity Injection
Date: Monday, April 24, 2017 4:16:18 PM

Hi Felix, James,

Belatedly, I got a hold of a copy of the deck used in TBS' briefing, I believe, on April 18. How are you doing about this topic…..anything we can do to help? If you need us on briefing up the line, etc., just let us know. We also have a few products we're working on so would be happy to share.

Thanks,

John.

Y. John Kim
Director, Electricity Finance Branch
Corporate & Electricity Finance Division
Ontario Financing Authority
Ph: 416-212-6996
Email: john.kim@ofina.on.ca

From: Montgomery, Kaitlin (MOF)
To: John Kim
Subject: Equity Injection
Date: Tuesday, May 23, 2017 10:02:09 AM

Hey John – would you have a couple minutes to chat about equity injection? Clara gave me a call Thursday so wanted to update you on her thinking.

I'm free anytime after 10:30 today.

Kaitlin
416.326.6343

From: John Kim
To: Ronald Kwan
Subject: FW: 2017 09 11 OFHP Outstanding Business Issues v02.pptx
Date: Friday, September 15, 2017 4:41:06 PM

Fyi

From: Carlos Yep
Sent: Friday, September 15, 2017 3:42 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: 2017 09 11 OFHP Outstanding Business Issues v02.pptx

John
We still have a lot of work to do on page 5. We will discuss with OPG next week.
Carlos

From: John Kim
Sent: Friday, September 15, 2017 3:35 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: RE: 2017 09 11 OFHP Outstanding Business Issues v02.pptx

Updated it a bit more….if no other comments, I will send back near eod.

John

From: Ken Kandeepan
Sent: Friday, September 15, 2017 1:49 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: 2017 09 11 OFHP Outstanding Business Issues v02.pptx

Hi

I have few minor edits/comments. You may want to take a quick look slide #5 re the methodology for establishing the interest rates on the sub debt. Since John is coordinating you can provide comments to him.

Thanks

Ken K

From: John Kim
To: Gavin He
Subject: FW: 2017 09 29 OFHP Business Issues v01.pptx
Date: Tuesday, October 03, 2017 11:47:04 AM
Attachments: 2017 09 29 OFHP Business Issues v02cy_Markup.pptx

---

Hi Gavin,

Do you remember the variable fee aspect in the early discussion….was it 5% from the beginning?

Thanks,

John

From: Carlos Yep
Sent: Tuesday, October 03, 2017 10:50 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

John
I have made some edits to the Base Fee and Variable Fee on slide#7. It now reads as follows:

- **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
- **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments

Regards
Carlos

From: Ronald Kwan
Sent: Monday, October 02, 2017 1:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

And some comments / suggested edits from me. John may have additional ones.

Ron

From: Ken Kandeepan
Sent: October-01-17 1:04 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: 2017 09 29 OFHP Business Issues v01.pptx

Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

OFHP Business Issues

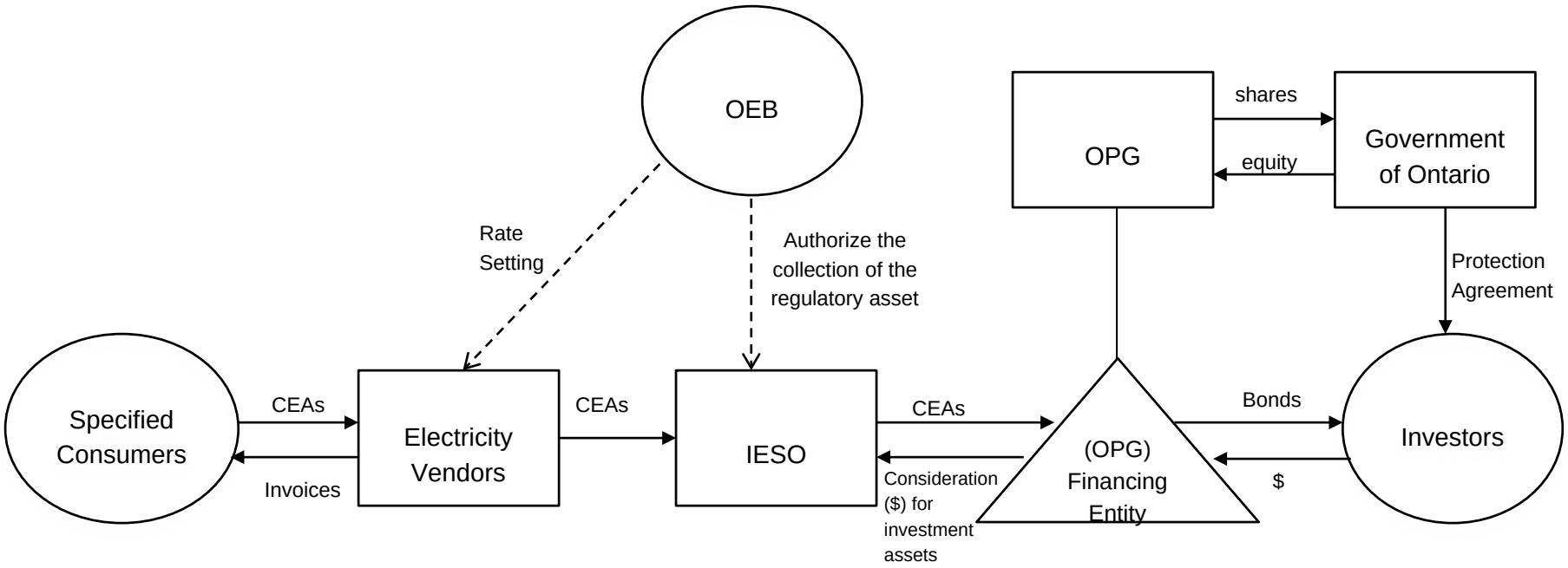
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - ~~The~~ A financing entity ~~will~~ purchas~~ing~~ ~~e~~ the regulatory asset would~~,~~ effectively finance ~~ing~~ the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Province has agreed to provide a protection agreement that supports the Financing Entity and prospective debt holders such that~~, under certain circumstances,~~ the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
    - Actions of the Legislative Assembly that undermine the financing arrangement~~,~~; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
    - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its ~~accounting~~ objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

From: John Kim
To: Gavin He
Subject: FW: 2017 09 29 OFHP Business Issues v01.pptx
Date: Monday, October 02, 2017 8:06:07 AM
Attachments: 2017 09 29 OFHP Business Issues v01_Markup.pptx

Latest…pls. take a look.

From: Ronald Kwan
Sent: Monday, October 02, 2017 1:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

And some comments / suggested edits from me. John may have additional ones.

Ron

From: Ken Kandeepan
Sent: October-01-17 1:04 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: 2017 09 29 OFHP Business Issues v01.pptx

Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

OFHP Business Issues

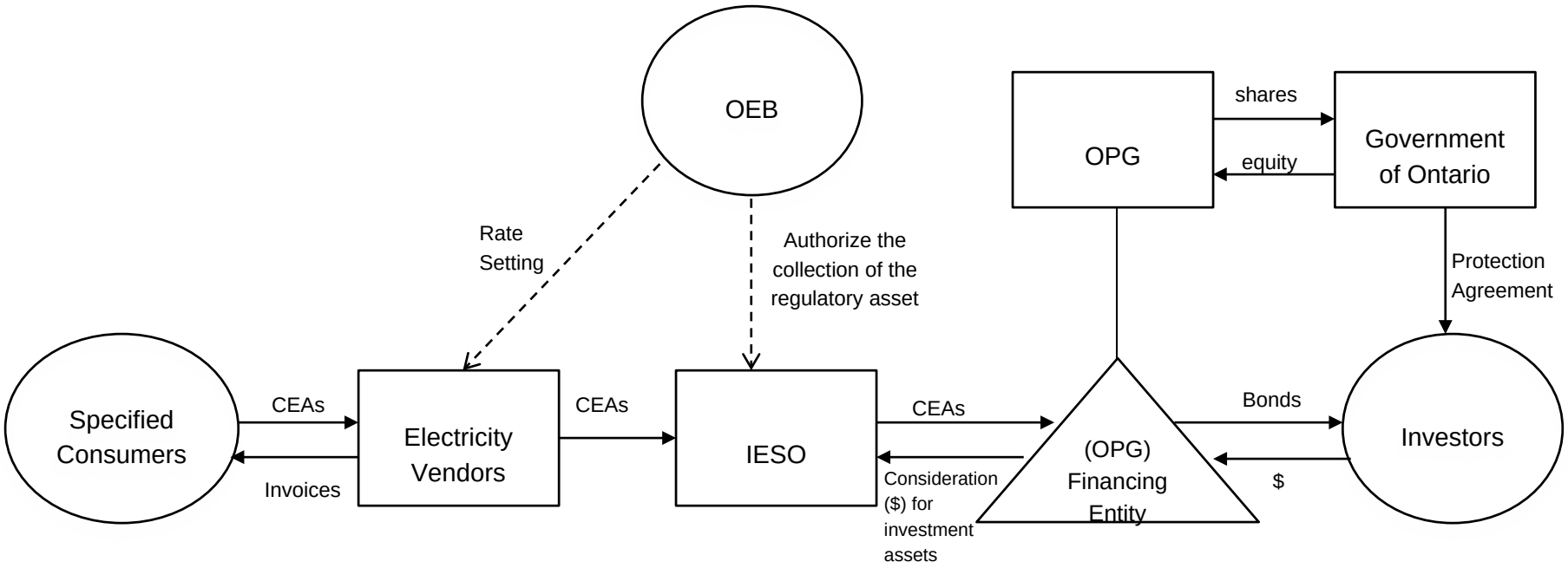
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - ~~The~~ A financing entity ~~will~~ purchas~~ing~~ ~~e~~ the regulatory asset would~~,~~ effectively finance ~~ing~~ the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Province has agreed to provide a protection agreement that supports the Financing Entity and prospective debt holders such that~~, under certain circumstances,~~ the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
    - Actions of the Legislative Assembly that undermine the financing arrangement~~,~~; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
    - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its ~~accounting~~ objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 10 basis points on monthly funding obligation when the annual funding obligation is less than $10B, and 8 basis points on the monthly funding obligation when the annual funding obligation is greater than $10B.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

From: John Kim
To: Ronald Kwan
Cc: Gavin He
Subject: FW: 2017 09 29 OFHP Business Issues v01.pptx
Date: Tuesday, October 03, 2017 1:02:07 PM
Attachments: 2017 09 29 OFHP Business Issues v02cv_Markup.pptx
RE 2017 09 29 OFHP Business Issues v01.pptx.msg

Hi Ron,

CMD has no updates on slide 10. I will send this back.

Thanks,

John

From: Carlos Yep
Sent: Tuesday, October 03, 2017 10:50 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

John
I have made some edits to the Base Fee and Variable Fee on slide#7. It now reads as follows:

- **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
- **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments

Regards
Carlos

From: Ronald Kwan
Sent: Monday, October 02, 2017 1:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

And some comments / suggested edits from me. John may have additional ones.

Ron

From: Ken Kandeepan
Sent: October-01-17 1:04 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: 2017 09 29 OFHP Business Issues v01.pptx

Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

OFHP Business Issues

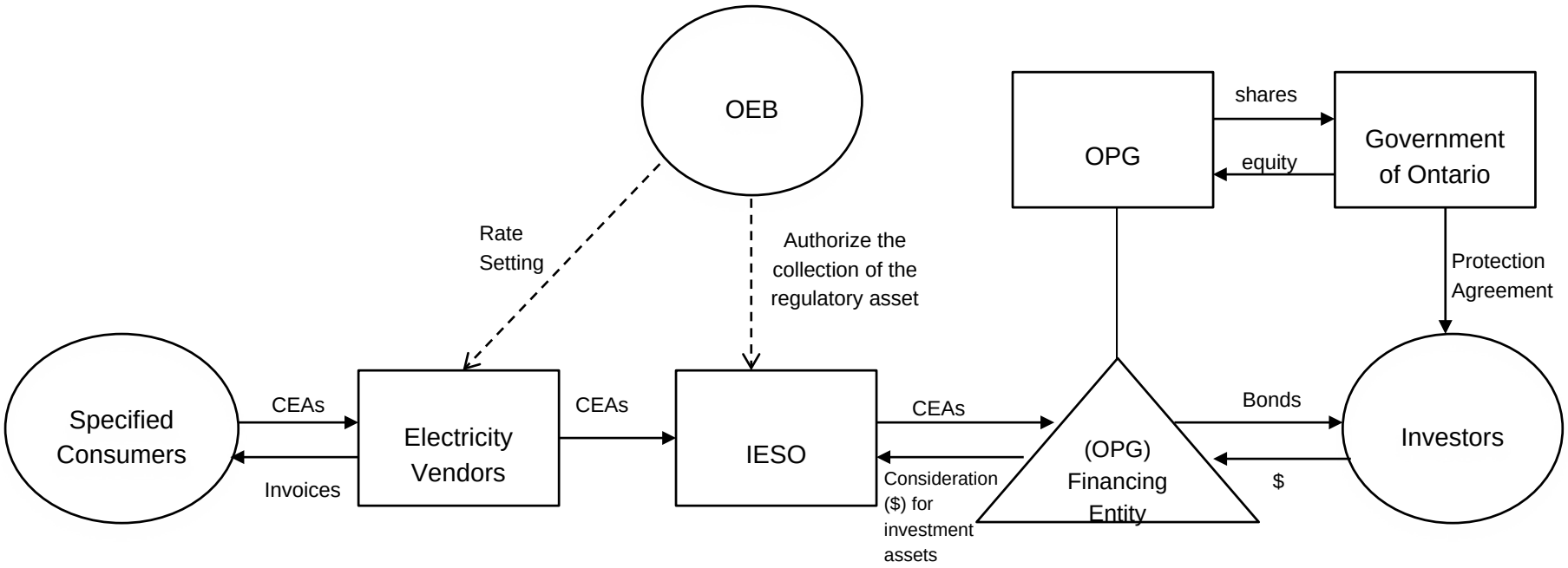
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - ~~The~~ A financing entity ~~will~~ purchas~~ing~~ ~~e~~ the regulatory asset would~~,~~ effectively finance ~~ing~~ the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Province has agreed to provide a protection agreement that supports the Financing Entity and prospective debt holders such that~~, under certain circumstances,~~ the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
    - Actions of the Legislative Assembly that undermine the financing arrangement~~,~~; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
    - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its ~~accounting~~ objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

From: Carlos Yep []
To: John Kim [John.Kim@ofina.on.ca]
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx
Date: Tuesday, October 03, 2017 13:00:55

Yes, I do not have any new info

C

From: John Kim
Sent: Tuesday, October 03, 2017 1:00 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

Hi Carlos,

You're still OK with [TBD]'s on slide 10?

John

From: Carlos Yep
Sent: Tuesday, October 03, 2017 10:50 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

John

I have made some edits to the Base Fee and Variable Fee on slide#7. It now reads as

follows:

- **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.

- **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments

Regards

Carlos

From: Ronald Kwan
Sent: Monday, October 02, 2017 1:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

And some comments / suggested edits from me. John may have additional ones.

Ron

From: Ken Kandeepan
Sent: October-01-17 1:04 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine

<James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: 2017 09 29 OFHP Business Issues v01.pptx

Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

From:	Shajee Kathirgamanathan
To:	Ken Kandeepan
Cc:	Bruno Amara; John Kim
Subject:	FW: BN - Ontario Faiy Hydro Plan Program Payments
Date:	Tuesday, August 08, 2017 11:39:50 AM
Attachments:	BN- Payment Process for the Fair Hydro Plan Programs.doc

Hi Ken,

Hope you had a great long weekend.

I understand you may have spoken with John about this before - in his absence this week he had asked me to follow up with you or your staff.

To facilitate parts of the Fair Hydro Plan, the Ministry of Energy is requesting the OFA make payments to the IESO on their behalf on the same monthly invoice as the existing OREC program.

The Ministry of Energy had provided the attached business case/rationale outlining their need for this. Not sure if this would be a sufficient explanation to commence these payments. I can reach out to Energy to communicate/ask for anything further.

Happy to chat further or discuss with you or your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 9:02 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Fwd: BN - Ontario Faiy Hydro Plan Program Payments

FYI.

Begin forwarded message:

> **From:** "Chander, Sunita (ENERGY)" <Sunita.Chander@ontario.ca>
> **Date:** August 3, 2017 at 5:57:39 PM EDT
> **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Subject: Fw: BN - Ontario Faiy Hydro Plan Program Payments**

Hi John, looks like there are some staff level discussions happening on this. As you can appreciate, the Fair Hydro Plan programs are significant and we need to ensure that rebates are provided in a timely manner.

Please let me know what the next steps are. We shared an MOU at the staff level a few weeks back on this

Thanks,

Sent from my BlackBerry
From: Hunter, Robert A. (ENERGY) <Robert.A.Hunter@ontario.ca>
Sent: Thursday, August 3, 2017 5:53 PM
To: Kathirgamanathan,Shajee (OFA); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY)
Subject: BN - Ontario Faiy Hydro Plan Program Payments

Hi Shajee,

Please see attached the requested briefing note outlining the rationale for why the Ministry of Energy is requesting the OFA to facilitate payments for programs under the Fair Hydro Plan.

Thank you,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca<mailto:robert.a.hunter@ontario.ca>

Briefing Note: Payment of Programs under the Fair Hydro Plan

ISSUE:

- The Ministry of Energy is requesting the office of the Ontario Financing Authority (OFA) to process the payments for the programs implemented under the Ontario Fair Hydro Plan, 2017, similar to the Ontario Rebate for Electricity Consumers Act, 2017. (OREC) These Fair Hydro Plan programs are critical to the successful deliverance of the Government's priority of helping Ontarian's to manage their electricity bills. If payments are not made in a timely manner, there will be a number of cash flow and communications issues that will affect the Government and its agencies, and potentially all eligible Ontarians.

SUMMARY:

Purpose of the Payment

- The Ministry of Energy is seeking to process payments through the Ontario Financing Authority (OFA) for the monthly costs of the programs for the Ontario Fair Hydro Plan (OFHP) for approximately $15,000,000 monthly (split across 3 programs, First Nations Delivery Credit, Distribution Rate Protection, Rural or Remote Electricity Rate Protection) to be payable to the Independent Electricity System Operator (IESO).
    - A fourth program will require payments at a later date (OESP).
- Currently the OFA processes the Ontario Rebate for Electricity Consumers (OREC) in this manner and this request is being made to use the same process to ensure the smooth transition of implementation as well as the transferring of the funds to the applicable entities that have implemented the programs as per legislation.

Method of Payment

- The payment will be done in the same manner as what is being done for OREC.
- One invoice will be issued by the IESO through their portal and will be sent to the OFA for payment. (See Appendix A for sample of new invoice)
- The appropriate IFIS account codes will identify the correct allocation of the funds
- . These IFIS account codes will be provided to the OFA in advance of the first payment.
- All payments for the FHP programs will need to be issued on the same date, once a month.

Background

- This payment approval is being sought so as to ensure the timely payment of these funds to the IESO to be returned to the Local Distributors who have already applied the credits to their customers' bills.
- The request is being made because of the tight timelines that are established by the IESO for payment by/to the Local Distributors. This process has been in place for a long time and it has proven to be effective and efficient.
- The OFA also historically made payments for the Ontario Clean Energy Benefit which is expected to have no further payments past August 2017.

Deliverables:

- The Ministry of Energy, Strategic, Network and Agency Policy (SNAP) Division has a Memorandum of Understanding (MOU) with the OFA to process the OREC payments according to the above request.
- This approval is seeking to add the OFHP program payments to the same process and/or to the MOU if necessary.

Risk Analysis:

- The approval is being sought to avoid the risk of delayed payment to the IESO.
- The costs associated with a delayed payment process would impact the IESO and the Local Distributors in a negative manner and could cause cash flow issues with all entities.
- The Ministry will also be subject to interest charges for any delayed payments.
- Other options available for making these payments to the IESO are currently unknown.

Timeframe:

- As per the current process with the OREC and the OCEB, the Ministry receives the reports and invoice from the IESO through their portal.
- This is received on the 10th business day of the month.
- It is then processed for approval and the OFA issues the payment directly to the IESO within the following 2 business days.
- It is important that the funds are received by the IESO in accordance with the IESO market rules and settlements calendars so that the credits can be applied to the appropriate Local Distributors.
- In most cases, save for holiday interruptions, payment is required by the IESO on the 12th business day.

Costs and Funding:

- The Ministry has an agreement with the IESO that they will not charge us for the processing of the collecting of information as well as disbursing the funds

appropriately. The Ministry is managing the approval process and sending the invoice to the OFA.

- Under the current MOU, the OFA does not charge the Ministry for its services or for its disbursements incurred under the MOU agreement. The update to the MOU would not incur any further administration on the part of the OFA. All charges will be on one invoice. (See Appendix A)
- The funding of these programs has been reassigned to the tax base as per the Ontario Fair Hydro Plan Act, 2017.

APPENDIX A

Independent Electricity System Operator
PHYSICAL INVOICE

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON
M5W 4E5
HST: 870513959RT0002

Issue / Re-Issue Date: **14-MAR-2017**

MINISTRY OF ENERGY
77 Grenville Street
6th Floor
Toronto, ON M7A 2C1
Canada

Invoice: PI00018496
Invoice Date: 14-MAR-2017
MP ID: 110354
MP GST/HST: N/A

Please send payment by WIRE or EFT to:

Bank Name: **TD Bank**
Bank ID Number: **0004**
Bank Account Number: ####-#######

Bank Acc Type: **Settlement Clearing**
Bank Transit Number: **10202**

For all inquiries contact:
IESO Account Representative
Tel: 905-403-6900
Toll Free: 1-888-448-7777

Comments:

Charges for settlement statements issued: From 01-FEB-2017 To 28-FEB-2017

Charge Type	Description	Amount
1465	ONTARIO CLEAN ENERGY BENEFIT (-10%) PROGRAM BALANCING AMOUNT	$547,056.60
1467	ONTARIO REBATE FOR ELECTRICITY CONSUMERS (8% PROVINCIAL REBATE) BALANCING AMOUN T	$95,013,244.08
####	FIRST NATIONS DELIVERY CREDIT	
####	DISTRIBUTION RATE PROTECTION	
####	RURAL OR REMOTE RATE PROTECTION	
####	ONTARIO ELECTRICITY SUPPORT PROGRAM (ADDED AT A LATER DATE)	

Invoice Total: $CAD 95,560,300.68

Payment Due Date 16-MAR-2017

This invoice also constitutes a debit/credit note for GST/HST purposes

From:	Carlos Yep
To:	John Kim; Bruno Amara; Salman Qadir
Cc:	James Devine
Subject:	FW: Draft GA Sub debt term sheet + Performance Fee
Date:	Thursday, June 22, 2017 2:23:45 PM
Attachments:	Financing Trust - Performance Fee Recommendation.doc Draft Subordianted Debt Term Sheet.doc

Hi John
Can we have a quick chat on our comments wrt Performace benchmark and the Sub debt

Here are some comments from Risk Control on performance

Regarding the measure of performance and performance benchmark proposed by OPG with respect to the Fair Hydro Trust, we have the following comments:

- Any performance measure should be reflective of the decisions available to the issuer; i.e., timing of issue, tenor.
- Performance should be measured only on the 51% funded by market issuance and the 5% funded by Capital Markets. The remaining 44% is funded via an equity injection from the Province to OPG and should not be part of performance.
- The 51% and the 5% mentioned above should be performance measured using different benchmarks.
- The benchmark OPG is proposing is a Canada rate, plus a spread, both of which will be determined at the beginning of the year. The spread will differ for the 51% and the 5%.
    - The Canada rate used in the benchmark should be a weighted mix of tenors consistent with the financing plan.
    - Measurement of the benchmark at a fixed point in time will yield a performance that is more reflective of the behaviour of the market than the performance of the borrowing. While this may be adequate for a risk-sharing objective, a dynamic benchmark would be a better reflection of the borrowing performance.

Regarding the provinces 44% Equity Injection to OPG. Current diagrams show that OPG will loan to the trust 39% subordinated debt and 4% sub-subordinated
debt both at spreads higher than the senior loans to investors.

I want to discuss a new approach since we are getting more clarity on the "financial guarantee/indemnity" and it does not make sense that this loans have a higher interest than senior loans to external investors. A second benefit is that it will reduce the cost to the rate payer if we start using Ontario cost of funds for the loans from OPG to the Trust which come from the Equity injection.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet

Carlos,

Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.

Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

<< File: Draft Subordianted Debt Term Sheet.doc >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

From:	John Kim
To:	Gavin He
Subject:	FW: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date:	Wednesday, March 21, 2018 10:13:44 AM

Would you let Settlements know?

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, March 21, 2018 10:11 AM
To: GRECO Clara -LAWDIV <clara.greco@opg.com>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Sure. Please follow up with John (cc'd).

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: March 21, 2018 9:36 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Importance: High

Thanks Shruti. I appreciate your (and everyone's) help at Energy and OFA. I was asked if it would be possible to get an OFA confirmation email once the funds have been wired, ie a wire tracking number.
Is there someone at OFA I can contact directly about this??

Regards
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

From:	John Kim
To:	Gavin He
Subject:	FW: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date:	Wednesday, March 21, 2018 10:24:40 AM

I think all good then?

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: Wednesday, March 21, 2018 10:20 AM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Thanks.
John, I just heard that our Anthea Yao has been in touch with your Sujeev Jegatheeswaran on this so I think we are good!
Best regards,
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, March 21, 2018 10:11 AM
To: GRECO Clara -LAWDIV <clara.greco@opg.com>
Cc: Kim, John (OFA) <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Sure. Please follow up with John (cc'd).

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: March 21, 2018 9:36 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Importance: High

Thanks Shruti. I appreciate your (and everyone's) help at Energy and OFA. I was asked if it would be possible to get an OFA confirmation email once the funds have been wired, ie a wire tracking number.

Is there someone at OFA I can contact directly about this??

Regards
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Carlos Yep
To:	Ken Kandeepan; Kenneth Russell; John Kim
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, January 09, 2018 8:18:58 AM
Attachments:	Executed Subordinated Debt Pricing Protocol.pdf

FYI

From: MCAULEY Tyler -LAWDIV [mailto:tyler.mcauley@opg.com]
Sent: Monday, January 08, 2018 1:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,
Attached.

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, January 08, 2018 12:24 PM
To: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Tyler
Please forward an executed/signed document when you get a chance.
Thanks
Carlos

From: MCAULEY Tyler -LAWDIV [mailto:tyler.mcauley@opg.com]
Sent: Tuesday, December 19, 2017 3:28 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Thanks, Shruti- will do. Could you kindly confirm who will be signing on behalf of the MoE?
Tyler

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, December 19, 2017 2:37 PM
To: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Tyler,

I understand OFA has already signed and sent the document to you. After you sign, please send it to us and we can arrange for signature on our end.

Thank you
Shruti

From: MCAULEY Tyler -LAWDIV [mailto:tyler.mcauley@opg.com]
Sent: December 18, 2017 5:28 PM
To: Sawwaf, Khareem (ENERGY); Yep, Carlos (OFA)
Cc: Thouin, Alena (ENERGY); WONG Leslie -LAWDIV; LIU Sheen -TREASURY; LEE John -TREASURY; Manning, Mike (OFA); RYFA Ken -TREASURY; Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Blackline attached.

Regards,
Tyler

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Monday, December 18, 2017 5:27 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>
Cc: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'shruti.talwar@ontario.ca' <shruti.talwar@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

All,

Further to our earlier discussions, please find attached an execution copy of the Subordinated Debt Pricing Protocol as well as an incremental blackline that references the draft previously circulated. Subject to any additional comments or questions, could each of OFA and MOE coordinate execution and return a scan of your completed signature page. Upon receipt, we will circulate a fully executed copy of the document.

Regards,
Tyler

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 5:22 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>
Cc: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -

TREASURY <ken.ryfa@opg.com>; 'shruti.talwar@ontario.ca' <shruti.talwar@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

Pleasure speaking with you this afternoon. In speaking with John further, I understand the MOE would be willing to sign the document confirming receipt, with the OFA signing the Protocol. Could OFA/MOE kindly confirm that this would be acceptable?

Thanks,
Tyler

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 3:30 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem/ Carlos,

The approach proposed below is not in line with what was agreed between John Lee and Gadi. It's our expectation that the document will be agreed as between two parties (as opposed to receipt acknowledged). Could you please consult with your team and advise. If it's helpful, we are happy to coordinate a call to discuss.

Regards,

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Friday, December 15, 2017 1:54 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Further to our discussion this morning, OFA and the Ministry of Energy agreed that the best way to proceed will be acknowledging the Protocol Agreement in a manner of receipt. The following language will be included under the signature lines:

"On behalf of the OFA ,I acknowledge receipt of this document,

On behalf of the Ministry of Energy, I acknowledge receipt of this document,"

Kind regards,
Khareem Sawwaf

From: Sawwaf, Khareem (ENERGY)
Sent: December-14-17 12:49 PM
To: 'WONG Leslie -LAWDIV'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

We can call you.

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:19 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Thanks. Would you be calling my office, or would like us to call you? Or will we need a call-in number?

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:18 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Thank you for your prompt response.

5pm should be fine.

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:11 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Yes, after 5 pm works. Let us know what time (e.g. 5 pm or 5:30).

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:10 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Can we schedule something for today after 5pm?

Regards,
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 11:59 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem,

We will need to address any questions today, as we are arranging for signing of the Fair Hydro documents tomorrow. Tyler and I are available today between 12:30 pm and 1 pm and from 4:30 pm onward.

Let us know what works for you.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 11:52 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

I hope all is well.

Alena and I were hoping to have another discussion with you either today or tomorrow regarding the protocol agreement. If you could let us know your availability, I would appreciate it.

Thanks,

Khareem

From: Sawwaf, Khareem (ENERGY)
Sent: December-06-17 3:48 PM
To: WONG Leslie -LAWDIV; Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Do you mind if we push our meeting to 4:30? I hope that works for you and Tyler.

Look forward to your reply.

Kind regards,
Khareem Sawwaf

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV
Sent: Wednesday, December 6, 2017 11:10 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Khareem,

My colleague, Tyler McAuley, who drafted the agreement, and I are available for a call from 4:00-4:30. Would you like us to call you or Alena, or would you like to call us?

Also, if you had specific comments or questions, would it be possible to let us know in advance, to make the call more efficient? Thanks.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com

-----Original Message-----
From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Wednesday, December 06, 2017 11:00 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Alena and I were hoping to arrange a call with you later today to discuss the Protocol Agreement. Are you available for a 30 minute call sometime between 4-5, preferably 4:00-4:30?

I look forward to your reply.

Kind regards,
Khareem Sawwaf

-----Original Message-----
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-04-17 1:17 PM
To: Thouin, Alena (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.

Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).

Regards,

Les

Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior

Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?

Thanks
Alena

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca<mailto:alena.thouin@ontario.ca>

This communication may be Solicitor/Client privileged and contain confidential information intended only for the individual or entity named in the message. If the reader of this message is not the intended recipient, or the agent responsible to deliver it to the intended recipient, you are hereby notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has

previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

_____

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

_____

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you

are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the **FAIR HYDRO TRUST** (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the **ONTARIO FINANCING AUTHORITY**, a crown agency of the Province of Ontario have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on December **,** 2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating, on a straight line basis, the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than one week prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) The Applicable Spread for Subordinated Warehouse Notes shall be:

(i) for the initial issuance:10 bps; and

(ii) for all subsequent issuances of Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread.

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be:

(i) for the initial issuance: 10 bps; and

(ii) for all subsequent issuances of Junior Subordinated Warehouse Notes, equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. In such subsequent issuances, if the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA and the Ministry of Energy, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

[REMAINDER OF THE PAGE INTENTIONALLY DELETED]

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____

Per: _____

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Acknowledged on behalf of the Ministry of Energy by:

MINISTRY OF ENERGY

Per: _____
By: CAROLYN CALWELL
Title: ADM, STRATEGIC, NETWORK + AGENCY POLICY DIVISION

From:	John Kim
To:	Shajee Kathirgamanathan; Gavin He
Cc:	Bruno Amara
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Thursday, November 16, 2017 12:49:28 PM

Fyi, mostly for background info for us.

From: Carlos Yep
Sent: Thursday, November 16, 2017 12:49 PM
To: John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Carlos Yep
To: John Kim; John Psinas
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date: Thursday, November 16, 2017 12:48:49 PM

FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than

multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Young, Graham (ENERGY)
To: Gavin Ha
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); John Kim
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date: Thursday, December 14, 2017 12:30:08 PM

Gavin

We found out through our Legal branch that OFA is interested in having ENERGY be a third signatory to the Interest Protocol Agreement. Do you have a sense as to why OFA would like us to sign it? We understood it to be a fairly operational agreement between OPG & OFA.

Not sure if you're looped in on the Interest Protocol Agreement, please let me know if there's another group in OFA I should be directing this question to.

Thank you,
Graham

From: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Date: Wednesday, Dec 13, 2017, 1:20 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>, MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>, LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena,

Further to our discussion, we have converted the formal protocol agreement to a less formal protocol document to be signed by OPG and the OFA (attached). I understand that Mike Manning of the OFA, who would be signing on behalf of the OFA, has also suggested that a signatory from the MOE be added the protocol document. Let us know if there are any concerns with that. Otherwise, could you advise who could sign on behalf of the MOE? We will add that signature line to the protocol document.

I have copied Malle on this e-mail to keep her in the loop, as well as Sheen Liu from our Treasury group as she has been dealing with her counterparts at the OFA on the protocol document.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Monday, December 04, 2017 1:17 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Great
Please feel free to call my office.
We will both be there.

Sent with BlackBerry Work
(https://na01.safelinks.protection.outlook.com/?url=www.blackberry.com&data=02%7C01%7Cleslie.wong%40opg.com%7C354d653218ea476edb5208d53b434c9a%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636480082589407160&sdata=g3LRuCZ54volYUlK7TqNK2jM6gYG1A6DjymdsRgSwSk%3D&reserved=0[na01.safelinks.protection.outlook.com])

From: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>
Date: Monday, Dec 04, 2017, 1:16 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca<mailto:Khareem.Sawwaf@ontario.ca>>, MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com<mailto:tyler.mcauley@opg.com>>
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.

Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).

Regards,

Les

Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?

Thanks
Alena

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca<mailto:alena.thouin@ontario.ca>

This communication may be Solicitor/Client privileged and contain confidential information intended only for the individual or entity named in the message. If the reader of this message is not the intended recipient, or the agent responsible to deliver it to the intended recipient, you are hereby notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

_____

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

_____

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Carlos Yep
To:	James Devine; Ken Kandeepan; John Kim
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 12, 2017 9:31:06 AM
Attachments:	Interest Protocol Agreement (OPG 12-11- Incremental Blackline).doc Interest Protocol Agreement (OPG 12-11).doc

Fyi – here is the latest Protocol document

I will talk to Malle, OPG has inserted the OFA as the counterparty????

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, December 12, 2017 9:27 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Please find attached a clean and incremental blackline of the revised Subordinated Debt Pricing Protocol. This reflects comments received from the MOE late last week. We have revised the document to appear less formal (changed from Protocol Agreement to Protocol) and also changed the counterparty to be the OFA. We have also added an obligation for the FSM to share the inputs (ie Indicative Spreads, and Credit Ratings) with the OFA, within a reasonable time period.

Please let us know if you have any additional comments or concerns.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subordinated Debt Pricing Protocol~~ Agreement~~

~~THIS AGREEMENT is made as of •, 2017~~

~~BETWEEN~~

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

~~–~~and ~~–~~

~~**HER MAJESTY THE QUEEN IN RIGHT OF** the~~ ONTARIO~~, (the "~~ FINANCING AUTHORITY, **[a crown agency of the Province**~~") as represented by the Minister of Energy~~

~~WHEREAS the Issuer and BNY Trust Company~~ **of** ~~Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;~~

~~AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;~~

~~AND WHEREAS the FSM and the Province~~**Ontario]** have agreed to ~~establish herein the~~enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates~~;~~.

~~NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:~~

~~Article 2 –~~ ARTICLE 1 - INTERPRETATION

~~2.01~~1.01 Definitions

In this ~~Agreement~~Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

Formatted: Left: 0.88", Right: 0.81"
Formatted: Font: Not Bold
Formatted: Font: Bold
Formatted: Font: Bold
Formatted: Font: Not Bold
Formatted: Font: Bold
Formatted: Font: Bold
Formatted: Right: -0.06"
Formatted: Font: Bold
Formatted: Indent: Left: 0.5"

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; ~~and~~

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement~~.~~;

~~2.02 **Headings**~~

~~The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.~~ (g) **"Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on ☐,2017 (as supplemented from time to time).

Formatted: Indent: Left: 0.5", First line: 0"

~~Article 3 –~~ ARTICLE 2 - INTERIM INTEREST RATE PROTOCOLS

~~3.01~~2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

~~3.02~~2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

~~3.03~~2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations

outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

~~3.04~~2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

Formatted: Indent: First line: 0.56"

~~3.05~~2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

~~**Article 4 - GENERAL**~~

~~4.01 **Benefit of the Agreement**~~

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

~~4.02 **Entire Agreement**~~

~~This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.~~

~~4.03 **Assignment, Amendments and Waivers**~~

~~No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.~~

~~4.04 **Severability**~~

~~If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.~~

2.06 **Reporting**

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

~~4.05~~2.07 **Governing Law**

This ~~Agreement~~Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this ~~Agreement~~Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this ~~Agreement~~Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

~~4.06~~2.08 **Counterparts**

This ~~Agreement~~Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

~~4.07~~2.09 **Electronic Execution**

Any party may deliver an executed signature page to this ~~Agreement~~Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the ~~Agreement~~Protocol by such party.

~~[SIGNATURE PAGES FOLLOW]~~

~~IN WITNESS WHEREOF the parties have executed this Agreement.~~

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

~~**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO**, as represented by the Minister of Energy~~**THE ONTARIO FINANCING AUTHORITY**

Per: _____
~~[Name]~~
~~[Position]~~Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the ONTARIO FINANCING AUTHORITY, **[a crown agency of the Province of Ontario]** have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on □**,**2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial

paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

From:	Carlos Yep
To:	John Kim
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Wednesday, December 06, 2017 2:59:49 PM

Hi john
Did you hear back from Energy?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, December 06, 2017 2:57 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos – Do you know who on your side is reviewing this Agreement? I understand our counsel has sent it to yours (Malle Hanslep)

Sheen

From: LIU Sheen -TREASURY
Sent: Wednesday, November 29, 2017 6:07 PM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached for your review please find the draft "Sub Debt Pricing Protocol Agreement", based on the term sheet you've commented on. Please let us know if you have any comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

For term debt, the process will be similar to our corporate debt spread, i.e. dealers provide indicative spread on a weekly basis (I believe OFA is copied on those emails as well), even though OPG does not issue debt on a weekly basis. This will provide us with a good sense of market conditions, etc.

For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 4:31 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
For the term debt, do you still need spreads "no less frequently than weekly"?
What is the projected frequency of issuing senior debt – quarterly?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:27 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Ok please give me a call if you'd like to discuss

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 3:41 PM

To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
I have not discussed with Mike or Jim yet
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 3:30 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos – I left a v-message with you as I've realized that you might find the warehouse pricing different as discussed previously. The reason is that based on the Warehouse Facility Agreement re the senior tranche we are working on with dealers, the way it is to be charged includes various fees, such as upfront fees, standby fees, program fees (CP + adder), etc. The facility is committed by dealers and the Global Adjustments deferral assets will be part of banks' ABCP Trust assets pool, through which CP will be issued.

Please give me a call if you'd like to go through the details and rationale.

Sheen
4165922458

From: LIU Sheen -TREASURY
Sent: Wednesday, November 22, 2017 9:56 AM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]

Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid

solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you

are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED

RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	John Kim
To:	Carlos Yep
Cc:	Mike Manning; James Devine; Gavin He
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 05, 2017 1:09:09 PM
Attachments:	Interest Protocol Agreement (OPG 11-29)_ST.doc

Could you take a look at Energy's comments? In particular, the one about how do we know if the survey rates are best rates.

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, December 05, 2017 10:17 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi John,

As discussed, attached is the interest protocol agreement that OPG has drafted with support from OFA capital markets. I have a few preliminary comments – my main one being who would be the appropriate counterparties (or counterparty) and what would be the ongoing roles and responsibilities for each party. Additional details in the attached.

We need to land this one pretty quickly so let us know what the OFA (policy, capital markets, legal) views are and we can go from there.
Our LSB has spoken to OPG legal as well. It may help to have a call with all groups tomorrow so we can figure how best to go forward.

Thanks,
Shruti

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 30, 2017 11:13 AM
To: Talwar, Shruti (ENERGY)
Cc: Yep, Carlos (OFA)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Shruti,

I think this would fall under you….let me know if any questions.

Thanks,

John

From: Carlos Yep
Sent: Thursday, November 30, 2017 8:22 AM
To: John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 29, 2017 6:07 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached for your review please find the draft "Sub Debt Pricing Protocol Agreement", based on the term sheet you've commented on. Please let us know if you have any comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

For term debt, the process will be similar to our corporate debt spread, i.e. dealers provide indicative spread on a weekly basis (I believe OFA is copied on those emails as well), even though OPG does not issue debt on a weekly basis. This will provide us with a good sense of market conditions, etc.

For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 4:31 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
For the term debt, do you still need spreads “no less frequently than weekly”?
What is the projected frequency of issuing senior debt – quarterly?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:27 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Ok please give me a call if you’d like to discuss

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 3:41 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen

I have not discussed with Mike or Jim yet
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 3:30 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos – I left a v-message with you as I've realized that you might find the warehouse pricing different as discussed previously. The reason is that based on the Warehouse Facility Agreement re the senior tranche we are working on with dealers, the way it is to be charged includes various fees, such as upfront fees, standby fees, program fees (CP + adder), etc. The facility is committed by dealers and the Global Adjustments deferral assets will be part of banks' ABCP Trust assets pool, through which CP will be issued.

Please give me a call if you'd like to go through the details and rationale.

Sheen
4165922458

From: LIU Sheen -TREASURY
Sent: Wednesday, November 22, 2017 9:56 AM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation

Inc.

Draft: November 29, 2017

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

Commented [TS(1]: Not clear to me what the role is for the Ministry except to approve an approach that FSM is putting forward. Are there any ongoing obligations/reporting?

Given the technical nature of the approval, and that it appears to be based on the approach for OEFC lending to OPG for general corporate purposes, I would strongly recommend that OFA/Ministry of Finance co-sign this document

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 **Definitions**

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

Commented [TS(2]: As it is structured, while the approach may be consistent with how OEFC lends to OPG for general coroporate purpose, there does not seem to be a check in place on the interest rates. The rates will be a large driver of ratepayer impacts, particulary in the long run.

I would suggest a mechanism that OPG check in with OFA on the base rate and applicable spread prior to the issuance of notes. OFA would then communicate its satisfication with OPG's survey results to OPG and Energy. This may need further discussion if this oversight has other unintended consequences.

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

Commented [TS(3]: What does this mean on an objective basis?

Commented [TS(4]: Is OPG to keep a record of the underlying data to support the calculations (e.g., surveys etc.) and submit to the OFA/Ministry?

Commented [TS(5]: How do we know that these are the five best deals? Is there a risk that only fewer than 5 dealers in Canada with such offerings? If so, what is the alternative?

Commented [TS(6]: Five business days?

Commented [TS(7]: What is the methodology to determine comparables? Will each dealer have their own approach. Should these dealers have certain credentials etc.

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

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

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

From: John Kim
To: Gavin He
Cc: Shajee Kathirgamanathan
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date: Tuesday, December 05, 2017 10:35:07 AM
Attachments: Interest Protocol Agreement (OPG 11-29)_ST.doc

Could you take a look?

Need to interface with Carlos upstairs.

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, December 05, 2017 10:17 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi John,

As discussed, attached is the interest protocol agreement that OPG has drafted with support from OFA capital markets. I have a few preliminary comments – my main one being who would be the appropriate counterparties (or counterparty) and what would be the ongoing roles and responsibilities for each party. Additional details in the attached.

We need to land this one pretty quickly so let us know what the OFA (policy, capital markets, legal) views are and we can go from there.
Our LSB has spoken to OPG legal as well. It may help to have a call with all groups tomorrow so we can figure how best to go forward.

Thanks,
Shruti

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 30, 2017 11:13 AM
To: Talwar, Shruti (ENERGY)
Cc: Yep, Carlos (OFA)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Shruti,

I think this would fall under you….let me know if any questions.

Thanks,

John

From: Carlos Yep
Sent: Thursday, November 30, 2017 8:22 AM
To: John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 29, 2017 6:07 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached for your review please find the draft "Sub Debt Pricing Protocol Agreement", based on the term sheet you've commented on. Please let us know if you have any comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

For term debt, the process will be similar to our corporate debt spread, i.e. dealers provide indicative spread on a weekly basis (I believe OFA is copied on those emails as well), even though OPG does not issue debt on a weekly basis. This will provide us with a good sense of market conditions, etc.

For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 4:31 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
For the term debt, do you still need spreads “no less frequently than weekly”?
What is the projected frequency of issuing senior debt – quarterly?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:27 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Ok please give me a call if you’d like to discuss

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 3:41 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
I have not discussed with Mike or Jim yet
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 3:30 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos – I left a v-message with you as I've realized that you might find the warehouse pricing different as discussed previously. The reason is that based on the Warehouse Facility Agreement re the senior tranche we are working on with dealers, the way it is to be charged includes various fees, such as upfront fees, standby fees, program fees (CP + adder), etc. The facility is committed by dealers and the Global Adjustments deferral assets will be part of banks' ABCP Trust assets pool, through which CP will be issued.

Please give me a call if you'd like to go through the details and rationale.

Sheen
4165922458

From: LIU Sheen -TREASURY
Sent: Wednesday, November 22, 2017 9:56 AM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me

by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Draft: November 29, 2017

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

Commented [TS(1]: Not clear to me what the role is for the Ministry except to approve an approach that FSM is putting forward. Are there any ongoing obligations/reporting?

Given the technical nature of the approval, and that it appears to be based on the approach for OEFC lending to OPG for general corporate purposes, I would strongly recommend that OFA/Ministry of Finance co-sign this document

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 **Definitions**

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

Commented [TS(2]: As it is structured, while the approach may be consistent with how OEFC lends to OPG for general coroporate purpose, there does not seem to be a check in place on the interest rates. The rates will be a large driver of ratepayer impacts, particulary in the long run.

I would suggest a mechanism that OPG check in with OFA on the base rate and applicable spread prior to the issuance of notes. OFA would then communicate its satisfication with OPG's survey results to OPG and Energy. This may need further discussion if this oversight has other unintended consequences.

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

Commented [TS(3]: What does this mean on an objective basis?

Commented [TS(4]: Is OPG to keep a record of the underlying data to support the calculations (e.g., surveys etc.) and submit to the OFA/Ministry?

Commented [TS(5]: How do we know that these are the five best deals? Is there a risk that only fewer than 5 dealers in Canada with such offerings? If so, what is the alternative?

Commented [TS(6]: Five business days?

Commented [TS(7]: What is the methodology to determine comparables? Will each dealer have their own approach. Should these dealers have certain credentials etc.

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

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

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

From:	John Kim
To:	"Talwar, Shruti (ENERGY)"
Cc:	Carlos Yep
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Thursday, November 30, 2017 11:12:58 AM
Attachments:	Interest Protocol Agreement (OPG 11-29).doc

Hi Shruti,

I think this would fall under you….let me know if any questions.

Thanks,

John

From: Carlos Yep
Sent: Thursday, November 30, 2017 8:22 AM
To: John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 29, 2017 6:07 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached for your review please find the draft “Sub Debt Pricing Protocol Agreement”, based on the term sheet you’ve commented on. Please let us know if you have any comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM

To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

For term debt, the process will be similar to our corporate debt spread, i.e. dealers provide indicative spread on a weekly basis (I believe OFA is copied on those emails as well), even though OPG does not issue debt on a weekly basis. This will provide us with a good sense of market conditions, etc.

For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 4:31 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
For the term debt, do you still need spreads "no less frequently than weekly"?
What is the projected frequency of issuing senior debt – quarterly?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:27 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Ok please give me a call if you'd like to discuss

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 3:41 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
I have not discussed with Mike or Jim yet
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 3:30 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos – I left a v-message with you as I've realized that you might find the warehouse pricing different as discussed previously. The reason is that based on the Warehouse Facility Agreement re the senior tranche we are working on with dealers, the way it is to be charged includes various fees, such as upfront fees, standby fees, program fees (CP + adder), etc. The facility is committed by dealers and the Global Adjustments deferral assets will be part of banks' ABCP Trust assets pool, through which CP will be issued.

Please give me a call if you'd like to go through the details and rationale.

Sheen
4165922458

From: LIU Sheen -TREASURY
Sent: Wednesday, November 22, 2017 9:56 AM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED,

PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation

Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

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

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

From:	Carlos Yep
To:	John Kim; James Devine; John Psinas
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Thursday, November 30, 2017 8:21:52 AM
Attachments:	Interest Protocol Agreement (OPG 11-29).doc

FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 29, 2017 6:07 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached for your review please find the draft "Sub Debt Pricing Protocol Agreement", based on the term sheet you've commented on. Please let us know if you have any comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

For term debt, the process will be similar to our corporate debt spread, i.e. dealers provide indicative spread on a weekly basis (I believe OFA is copied on those emails as well), even though OPG does not issue debt on a weekly basis. This will provide us with a good sense of market conditions, etc.

For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 4:31 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
For the term debt, do you still need spreads "no less frequently than weekly"?
What is the projected frequency of issuing senior debt – quarterly?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:27 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Ok please give me a call if you'd like to discuss

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 3:41 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
I have not discussed with Mike or Jim yet
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 3:30 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos – I left a v-message with you as I've realized that you might find the warehouse pricing different as discussed previously. The reason is that based on the Warehouse Facility Agreement re the senior tranche we are working on with dealers, the way it is to be charged includes various fees, such as upfront fees, standby fees, program fees (CP + adder), etc. The facility is committed by dealers and the Global Adjustments deferral assets will be part of banks' ABCP Trust assets pool, through which CP will be issued.

Please give me a call if you'd like to go through the details and rationale.

Sheen
4165922458

From: LIU Sheen -TREASURY
Sent: Wednesday, November 22, 2017 9:56 AM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>;

James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying,

conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

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

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

From:	Carlos Yep
To:	Mike Manning; James Devine; Ken Kandeepan; John Kim; John Psinas
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Wednesday, November 22, 2017 10:01:45 AM
Attachments:	Fair Hydro- Subordinated Notes- Interest Rate Protocol (Draft 11-21c).doc

fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 9:56 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV

<tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED,

PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

PROTOCOL DOCUMENT- SUBORDINATED AND JUNIOR SUBORDINATED NOTES

Interpretation	Unless inconsistent with the express terms or provisions hereof, terms used herein have the meanings ascribed in the Trust Indenture (the "**Trust Indenture**") dated as of ●, 2017 between the Fair Hydro Trust, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada (the "**Indenture Trustee**").
Financial Services Manager	The interest rate applicable to each Series of Subordinated Notes and/or Junior Subordinated Notes, shall be established by Ontario Power Generation Inc., acting as financial services manager of the Issuer (the "**FSM**"), in accordance with procedures set out herein.
Interest Rate:	For any Series of Subordinated Notes or Junior Subordinated Notes, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.
Base Rate:	"Base Rate" means: (a) for Term Notes: an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term of such Series of Subordinated Notes or Junior Subordinated Notes, as applicable. In the event that there are no Benchmark Government of Canada bonds listed at the time of issuance with the same term, the rate shall be established by interpolating the terms of the two Benchmark Government of Canada bonds that are closest to the term of the Series of Subordinated Notes or Junior Subordinated Notes, as applicable, one being for a longer term and the other being for a shorter term; and (b) for Warehouse Notes: an annual interest rate equal to the [**all-in annual funding costs under the Warehouse Facility related to the senior tranche, expressed in basis points].**
Applicable Spread:	"Applicable Spread" means the additional interest in basis points over the Base Rate applicable to a particular Series of Subordinated Notes or Junior Subordinated Notes as determined by the FSM applying the procedures set out below: (a) for Subordinated Term Notes and Junior Subordinated Term Notes: the FSM will solicit from time to time, but no less frequently than on a weekly basis, from at least five commercial banks in Canada, a survey of indicative spreads (collectively, the **"Indicative Spreads"** and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the Subordinated Term Notes and the Junior Subordinated Terms Notes,

	including credit rating and tenor. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread; (b) for Subordinated Warehouse Notes: the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five commercial banks in Canada, a survey of Indicative Rates applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread; (c) for Junior Subordinated Warehouse Notes: while the Junior Subordinated Term Notes are rated Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived above for the Subordinated Warehouse Notes. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps. For the purposes of this section "Investment Grade" means a credit rating from DBRS above or equal to "BBB low", or from Moody's above or equal to "Baa3".
Credit Rating	In order to facilitate the survey of Indicative Interest Rates, the FSM will solicit from time to time from DBRS and/or Moody's a credit rating, which may include a shadow rating for the Subordinated Notes and the Junior Subordinated Notes.

From:	John Kim
To:	Gavin He
Cc:	Shajee Kathirgamanathan
Subject:	FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Wednesday, January 10, 2018 7:37:00 AM
Attachments:	Executed Subordinated Debt Pricing Protocol.pdf

More stuff.

From: Carlos Yep
Sent: Tuesday, January 09, 2018 8:19 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

FYI

From: MCAULEY Tyler -LAWDIV [mailto:tyler.mcauley@opg.com]
Sent: Monday, January 08, 2018 1:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,
Attached.

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, January 08, 2018 12:24 PM
To: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Tyler
Please forward an executed/signed document when you get a chance.
Thanks
Carlos

From: MCAULEY Tyler -LAWDIV [mailto:tyler.mcauley@opg.com]
Sent: Tuesday, December 19, 2017 3:28 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Thanks, Shruti- will do. Could you kindly confirm who will be signing on behalf of the MoE?
Tyler

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, December 19, 2017 2:37 PM
To: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Tyler,

I understand OFA has already signed and sent the document to you. After you sign, please send it to us and we can arrange for signature on our end.

Thank you
Shruti

From: MCAULEY Tyler -LAWDIV [mailto:tyler.mcauley@opg.com]
Sent: December 18, 2017 5:28 PM
To: Sawwaf, Khareem (ENERGY); Yep, Carlos (OFA)
Cc: Thouin, Alena (ENERGY); WONG Leslie -LAWDIV; LIU Sheen -TREASURY; LEE John -TREASURY; Manning, Mike (OFA); RYFA Ken -TREASURY; Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior

Subordinated Debt

Blackline attached.

Regards,
Tyler

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Monday, December 18, 2017 5:27 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>
Cc: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'shruti.talwar@ontario.ca' <shruti.talwar@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

All,

Further to our earlier discussions, please find attached an execution copy of the Subordinated Debt Pricing Protocol as well as an incremental blackline that references the draft previously circulated. Subject to any additional comments or questions, could each of OFA and MOE coordinate execution and return a scan of your completed signature page. Upon receipt, we will circulate a fully executed copy of the document.

Regards,
Tyler

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 5:22 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>
Cc: 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; 'shruti.talwar@ontario.ca' <shruti.talwar@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

Pleasure speaking with you this afternoon. In speaking with John further, I understand the MOE would be willing to sign the document confirming receipt, with the OFA signing the Protocol. Could OFA/MOE kindly confirm that this would be acceptable?

Thanks,
Tyler

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: MCAULEY Tyler -LAWDIV
Sent: Friday, December 15, 2017 3:30 PM
To: 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Carlos.Yep@ofina.on.ca' <Carlos.Yep@ofina.on.ca>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; 'Mike.Manning@ofina.on.ca' <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem/ Carlos,

The approach proposed below is not in line with what was agreed between John Lee and Gadi. It's

our expectation that the document will be agreed as between two parties (as opposed to receipt acknowledged). Could you please consult with your team and advise. If it's helpful, we are happy to coordinate a call to discuss.

Regards,

Tyler McAuley
Senior Counsel, Law Division

Ontario Power Generation
700 University Avenue, H18 G23
Toronto, ON, M5G 1X6
E: tyler.mcauley@opg.com
P: 416-592-4015

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Friday, December 15, 2017 1:54 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Cc: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Further to our discussion this morning, OFA and the Ministry of Energy agreed that the best way to proceed will be acknowledging the Protocol Agreement in a manner of receipt. The following language will be included under the signature lines:

"On behalf of the OFA ,I acknowledge receipt of this document,

On behalf of the Ministry of Energy, I acknowledge receipt of this document,"

Kind regards,
Khareem Sawwaf

From: Sawwaf, Khareem (ENERGY)
Sent: December-14-17 12:49 PM
To: 'WONG Leslie -LAWDIV'
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

We can call you.

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:19 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Thanks. Would you be calling my office, or would like us to call you? Or will we need a call-in number?

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:18 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Thank you for your prompt response.

5pm should be fine.

Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 12:11 PM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Yes, after 5 pm works. Let us know what time (e.g. 5 pm or 5:30).

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 12:10 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior

Subordinated Debt

Hi Les,

Can we schedule something for today after 5pm?

Regards,
Khareem

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-14-17 11:59 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Khareem,

We will need to address any questions today, as we are arranging for signing of the Fair Hydro documents tomorrow. Tyler and I are available today between 12:30 pm and 1 pm and from 4:30 pm onward.

Let us know what works for you.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Thursday, December 14, 2017 11:52 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

I hope all is well.

Alena and I were hoping to have another discussion with you either today or tomorrow regarding the protocol agreement. If you could let us know your availability, I would appreciate it.

Thanks,
Khareem

From: Sawwaf, Khareem (ENERGY)
Sent: December-06-17 3:48 PM
To: WONG Leslie -LAWDIV; Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Do you mind if we push our meeting to 4:30? I hope that works for you and Tyler.

Look forward to your reply.

Kind regards,
Khareem Sawwaf

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: WONG Leslie -LAWDIV
Sent: Wednesday, December 6, 2017 11:10 AM
To: Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Cc: MCAULEY Tyler -LAWDIV; Kulasinghe, Meineka (MEDG/MRIS)
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Khareem,

My colleague, Tyler McAuley, who drafted the agreement, and I are available for a call from 4:00-4:30. Would you like us to call you or Alena, or would you like to call us?

Also, if you had specific comments or questions, would it be possible to let us know in advance, to make the call more efficient? Thanks.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 **|** E: leslie.wong@opg.com

-----Original Message-----
From: Sawwaf, Khareem (ENERGY) [mailto:Khareem.Sawwaf@ontario.ca]
Sent: Wednesday, December 06, 2017 11:00 AM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Kulasinghe, Meineka (MEDG/MRIS) <Meineka.Kulasinghe@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Les,

Alena and I were hoping to arrange a call with you later today to discuss the Protocol Agreement. Are you available for a 30 minute call sometime between 4-5, preferably 4:00-4:30?

I look forward to your reply.

Kind regards,
Khareem Sawwaf

-----Original Message-----
From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: December-04-17 1:17 PM
To: Thouin, Alena (ENERGY)
Cc: Sawwaf, Khareem (ENERGY); MCAULEY Tyler -LAWDIV
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.

Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).

Regards,

Les

Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?

Thanks
Alena

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca<mailto:alena.thouin@ontario.ca>

This communication may be Solicitor/Client privileged and contain confidential information intended only for the individual or entity named in the message. If the reader of this message is not the intended recipient, or the agent responsible to deliver it to the intended recipient, you are hereby notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY

Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

_____

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

_____

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying,

conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you

are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subordinated Debt Pricing Protocol

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario (**"OPG"**), solely in its capacity as financial services manager (the "**FSM**") of the **FAIR HYDRO TRUST** (the "**Issuer**"), a trust existing under the laws of the Province of Ontario and the **ONTARIO FINANCING AUTHORITY**, a crown agency of the Province of Ontario have agreed to enter into this subordinated debt pricing protocol (the "**Protocol**") wherein they have agreed to certain procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates.

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Protocol, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(g) "**Trust Indenture"** means that certain trust indenture entered into between the Issuer and BNY Trust Company of Canada on December **,** 2017 (as supplemented from time to time).

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 Interest Rate Protocols

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating, on a straight line basis, the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than one week prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) The Applicable Spread for Subordinated Warehouse Notes shall be:

(i) for the initial issuance:10 bps; and

(ii) for all subsequent issuances of Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread.

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be:

(i) for the initial issuance: 10 bps; and

(ii) for all subsequent issuances of Junior Subordinated Warehouse Notes, equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. In such subsequent issuances, if the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

2.06 **Reporting**

The FSM will share with the OFA and the Ministry of Energy, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

2.07 **Governing Law**

This Protocol is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Protocol will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Protocol. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

2.08 **Counterparts**

This Protocol may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

2.09 **Electronic Execution**

Any party may deliver an executed signature page to this Protocol by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Protocol by such party.

[REMAINDER OF THE PAGE INTENTIONALLY DELETED]

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____

Per: _____

THE ONTARIO FINANCING AUTHORITY

Per: _____
Michael Manning
Executive Director & Chief Investment Officer, Capital Markets

Acknowledged on behalf of the Ministry of Energy by:

MINISTRY OF ENERGY

Per: _____
By: CAROLYN CALWELL
Title: ADM, STRATEGIC, NETWORK + AGENCY POLICY DIVISION

From: Gavin He
To: John Kim; Shajee Kathirgamanathan
Subject: FW: EXTERNAL – RE: OPG Equity Injection - closing date March 22
Date: Thursday, March 22, 2018 10:14:13 AM
Attachments: Equity Injection Tracking Sheet.xlsx

Hi John/Shajee,

FYI – OPG has confirmed the receipt of the second equity injection from OFA.

To keep track of the equity injection process, I have created the attached tracking sheet to help us monitor the total amounts, number of shares, and etc. I saved it under below folder: S:\Users\CEF\Hydro 2018\Fair Hydro Plan\Equity Injection

This is the first draft, so any feedback is welcomed.

Regards,
Gavin He

From: YAO Anthea -FUNDMGMT [mailto:anthea.yao@opg.com]
Sent: Thursday, March 22, 2018 8:04 AM
To: Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Subject: RE: EXTERNAL – RE: OPG Equity Injection - closing date March 22

Thanks, we confirmed receipt.

Anthea

Anthea Yao | **Ontario Power Generation**
700 University Avenue, Suite H18 C2, Toronto, Ontario, M5G 1X6 | T416.592.5542 | F 416.592.4189 | E **anthea.yao@opg.com**

From: Nurudin Kaba [mailto:Nurudin.Kaba@ofina.on.ca]
Sent: Thursday, March 22, 2018 7:08 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: YAO Anthea -FUNDMGMT <anthea.yao@opg.com>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Subject: EXTERNAL – RE: OPG Equity Injection - closing date March 22

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Good morning Gavin,

Payment of CAD $202,400,000.00 has been released to Bank of Nova Scotia. LVTS reference number is LVTS6EQE9GUZGTR2.

Thanks,
Nurudin

Nurudin Kaba
Ontario Financing Authority
Coordinator – Settlements, Payments and Fiscal Agency
Finance & Treasury Division
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7

(416) 325-4572
(416) 860-8343 (Fax)
(647) 296-9655 (Mobile)

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply email and permanently delete this message including any attachments, without reading it or making a copy. Thank you.

From: Gavin He
Sent: Tuesday, March 20, 2018 1:24 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Risa,

Thank you very much for the update. I will let them know.

Regards,
Gavin He

From: Risa Thau
Sent: Tuesday, March 20, 2018 1:23 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Gavin,

Nurudin has confirmed with CIBC that they start releasing payments at 7:30 a.m. We will ask them to release the payment as early as possible and will send you the LVTS number once we receive it from them on March 22. Having said that, we can't assure OPG what time their bank, Scotiabank, will credit their account.

Thanks,

Risa Thau

From: Gavin He
Sent: Tuesday, March 20, 2018 10:47 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Risa,

Sure, thank you very much for looking into this.

Regards,
Gavin He

From: Risa Thau
Sent: Tuesday, March 20, 2018 10:46 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Gavin,

We are having our bank look into how early they can release the funds. I will get back to you when I receive confirmation.

Thanks,

Risa Thau

From: Gavin He
Sent: Tuesday, March 20, 2018 9:24 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: FW: OPG Equity Injection - closing date March 22

Hi Risa/Salvatore,

OPG is asking if we could have the funds ready for 8 a.m. on the 22nd. Is that doable?

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, March 20, 2018 9:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Ken, John,

OPG is asking if they can have the funds ready for 8 am on the 22nd?
Is that doable on your end?

Thanks,
Shruti

From: Talwar, Shruti (ENERGY)
Sent: March 16, 2018 12:21 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; 'settlement@ofina.on.ca'; CASHP
Cc: Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sud, Manu (ENERGY); Gounden, Pratima (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate

3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Equity Injection Summary

As of: 2018-10-20

Summary	2017-18
Total Purchase from IESO	1,639,000,000.00
Total Equity Injection by the Province	721,160,000.00
Total Number of Class A Shares Issued	16,844,959
Average Share Purchase Price	43.10
Estimated Equity Injection Amount - ENERGY PRRT*	*1,100,000,000.00*
Estimated Equity Injection Amount - FAA	852,866,666.67
Remaining Balance fore the Fiscal Year	131,706,666.67
Variance between Estimated and Actual	131,706,666.67

** Note:*

The GA refinancing would be about $2, 500 million per year on average for the first 10 years. Usi

The actual amounts may differ based on updates on Fair Allocation Amounts and discussions with

2018-19	2019-20	2020-21	2021-22	2022-23
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,100,000,000.00				
978,560,000.00	1,023,220,000.00	1,035,100,000.00	1,147,694,926.18	1,033,993,652.65
978,560,000.00	1,023,220,000.00	1,035,100,000.00	1,147,694,926.18	1,033,993,652.65
N/A	N/A	N/A	N/A	N/A

ng the average amount and applying 44 percent, results in an estimated equity injection of $1,100 million.

ı OPG

2023-24	2024-25	2025-26
-	-	-
-	-	-
-	-	-
-	-	-
824,864,591.04	590,465,136.54	377,305,916.91
824,864,591.04	590,465,136.54	377,305,916.91
N/A	N/A	N/A

Global Adjustment Deferral - Province Equity Injection

Transaction Date	Purchase Price per Transfer Notice from IESO	Percentage Funded by Equity	Total Equity Required for the Period
2017-12-20	1,179,000,000.00	44%	518,760,000.00
2018-03-22	460,000,000.00	44%	202,400,000.00

Calss A share purchase price	Number of Class A shares to be issued	Note
42.46	12,217,616	Completed
43.74	4,627,343	Completed

Supporting Material
S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Equity Injection\2017-12-20\2017-12-20-2018-03-22\2018-03-16- Signed Share Subscription Form.pdf

Signed Share Subscription Form.pdf

GA Financing Model
By changing the inputs, one can model different scenarios for the GA Debt financing.

Total Principal ($M)	20332.32	Please only change the yellow cells.
Peak Debt ($M)	26336.62	
Accumulated Interest ($M)	18129.4	
Max Payment ($M)	2241.551	
Interest Type	Annualize	Please Select
Final Payment made in Year	2044	
Maximum Payment ($M)	-2241.55	
Payment Periods	12	
Share of debt & interest	0.44	Can Change Share here

| | | |

From:	John Kim
To:	Gavin He
Cc:	Shajee Kathirgamanathan
Subject:	FW: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Friday, December 01, 2017 1:49:50 PM

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Friday, December 01, 2017 1:49 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

John – I just added you to the meeting request.
Thanks,
Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, December 01, 2017 1:43 PM
To: RYFA Ken -TREASURY <ken.ryfa@opg.com>
Cc: Kim, John (OFA) <John.Kim@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Ken,

We have been working on the MOU with John Kim and his team, so suggest they be included in the call.

John, see below Ken's comments related to the first request.

Thanks,
Shruti

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: November 30, 2017 3:34 PM
To: 'RYFA Ken -TREASURY'; Talwar, Shruti (ENERGY)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Manning, Mike (OFA); John Psinas
Subject: RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

I am not available tomorrow, can you pls include John Psinas who is cc'ed in your meeting invite.

Thanks

Ken k

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Thursday, November 30, 2017 3:30 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Shruti,
That is a good idea. I understand that the documentation item was discussed at this morning's meeting. Let me know what is a good time to have a call. From our side the call would involve Lubna, Clara, Matt and me.

Potential times:
Friday – 9:30 to 11;
Monday – 9:30 to 11; 3:00 to 3:30; after 4
Tuesday – all morning is open

Confirming that equity injection would continue to be 44% of the Investment asset purchased from the IESO.
Thanks,
Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 29, 2017 11:34 AM
To: RYFA Ken -TREASURY <ken.ryfa@opg.com>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>
Subject: RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair

Hydro Program

Hi Ken,

Thanks for the update. With respect to the signed transfer notice, after you have had internal discussions, it would be useful to schedule a call, including with our respective legal folks, to discuss potential solutions.

Also, please confirm that the amount you will be seeking from the equity injection would not change under the revised scenario – my understanding is that it would still be 44 per cent of the IESO's regulatory asset balance.

Shruti

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 29, 2017 8:43 AM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY)
Subject: RE: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Shruti,
Thanks for the clarification. We appreciate everyone's effort help this first transaction go smoothly. As you can expect a number of elements continue to move and evolve. We have a couple changes / challenges:

- We are not able to go to the term debt market in December so the funding for the first asset purchase will come from the warehouse for the initial senior debt.
- Another challenge for the first transaction – the agreements supporting the first transfer were not intended to be signed until the transaction close. This presents a challenge to get a signed transfer notice under the MTSA. We will need to see how this could be addressed since the transaction agreements are an integral part of the structure. We will keep you posted.

Thanks,
Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, November 28, 2017 10:10 AM
To: RYFA Ken -TREASURY <ken.ryfa@opg.com>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem

(ENERGY) <Khareem.Sawwaf@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>
Subject: EXTERNAL – RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Ken R.,

Thanks for your email, and the chat last Friday morning to clarify the proposed process for the first transaction. As you know it is important to Ministry to ensure that we follow the proper process at all times, particularly for the first transaction. Here is the proposed process as I understand it from our chat.

1) IESO asset to be transferred is the balance as of November 30. I understand the projected balance is ~$1.2B of which 44 per cent which will covered by the request for the equity injection.
2) On Dec 7 or 8, IESO will get confirmation of the November 30 balance and relay to OPG
3) On Dec 7 or 8, OPG to send Ministry of Energy an unofficial, unsigned Transfer Notice indicating the balance, and the amount requested for equity injection along with the Share Subscription form. This notice will be missing the closing date but all other information will be complete and accurate.
4) Ministry of Energy to commence reviewing the request on the assumption that a formal signed Transfer notice will be provided between Dec 12 –15.
5) Ministry of Energy to make formal request to the OFA under an MOU, once the formal signed Transfer Notice is received by the Ministry from OPG. Only once the formal signed Transfer Notice is received by the Ministry of Energy from OPG, will the 5 day period starts, but we will endeavour to expedite, although only 2 of the 5 days are under our control.
6) OFA staff to process the payment within three business days as per the terms of the MOU and wire funds to the appropriate account as per the MOU

From a Ministry of Energy perspective, we are ok with the above approach for this transaction. Our main concern, legal and policy, is ensuring that we have the formal signed Transfer Notice in hand before making any request to the OFA.

I understand that the closing date of the equity injection is the same as the closing date for the external financing which makes it challenging to provide the formal Transfer Notice within the 5 days. Going forward, you mentioned the warehousing facility may help with this timing issue.

Mike M and Ken K may have additional comments from an OFA perspective.
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 23, 2017 1:26 PM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV
Subject: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Shruti / Mike / Ken K,
Just wanted to give you a preliminary notice of expected funding requirements over the next month to facilitate the first purchase of the asset from the IESO and corresponding debt issued by the Trust, a part of which is supported by the equity injection from the Province. A formal notice will be provided in accordance with the relevant processes but given that this is the first transaction during a month when many people are away then we are providing this preliminary notice to help with lining up the relevant approvals.

The timing of the asset purchase will correspond to the debt issuance by the Trust. The exact timing will depend on completing the items required to market to investors – program documents and credit rating are the key elements.

In terms of dollar amount we anticipate the Trust purchasing the entire variance account balance. This is expected to be about $1.2 billion. As of the end of October, the account is just over $1 billion. It is expected that the senior debt for this first transaction will be both term debt and warehouse debt.

Since this is the first transaction in this structure and there are a number of moving parts at the current time then we will need to have some flexibility on the 5 business day requirement between notification and funding. One of the challenges is to include the Transfer Notice as part of the request for the equity since there is a similar 5 business day notice requirement. We may need to issue the equity request without the Transfer Notice attachment which would follow shortly after.

At the current time the expected dates are:
Pricing of term debt issuance – current target is sometime between Dec 12 to 15
Closing of debt issuance – Dec 19 to 22 (standard for securitization is T+5)

Closing date would correspond to the date for OPG to issue Class A shares to the Province in

exchange for the corresponding funding from the Province.
Thanks,
Ken R

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: John Kim
To: Ronald Kwan
Subject: FW: Equity Financing
Date: Saturday, April 22, 2017 1:09:05 PM

Fyi.

-----Original Message-----
From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
Sent: April-22-17 10:48 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Helen Graham (MOF) <Helen.Graham@ontario.ca>
Cc: Felix Fung (MOF) <Felix.Fung@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Psinas, John (TBS) <John.Psinas@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; James Strang (MOF) <James.Strang@ontario.ca>; Sandy Luk (MOHLTC) <Sandy.Luk@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Nadine Petsche (MOF) <Nadine.Petsche@ontario.ca>
Subject: Re: Equity Financing

Agreed. OPG Trust has not yet been created.

The operating asset appropriation will be for the Ministry that owns the new shares in OPG. Scott Nelms - assuming that will Energy. Can you confirm.

The amount needs to be based on 50% of the expected deferral for the 2017-18 year. IESO may need to weigh in on that.

Cindy

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ken Kandeepan
Sent: Saturday, April 22, 2017 10:08 AM
To: Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Veinot, Cindy (TBS); Petsche, Nadine (TBS)
Subject: Re: Equity Financing

Hi Helen

I suspect you are referring to the Affordability Trust that has already been set up by the Province but has nothing to to do with the OPG Trust that I mention in my email.

You may want to touch base with Cindy for a few minutes next week and she should be able to clarify the differences between these two trusts for you.

Thanks

Ken k

> On Apr 22, 2017, at 8:18 AM, Graham, Helen (TBS) <Helen.Graham@ontario.ca> wrote:
>

> Ken, we had understood 1.2 is possibly a go-forward number, but the correct amount for 17-18 should be prorated, as there will not be 12 months of activity. Is that correct?
>
> I thought the trust actually has already been created, but I could be wrong about that.
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ken Kandeepan
> Sent: Saturday, April 22, 2017 12:08 AM
> To: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS)
> Cc: Graham, Helen (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Veinot, Cindy (TBS)
> Subject: RE: Equity Financing
>
>
> Hi All
>
> There seems to be considerable confusion on this issue and hopefully I can clear that up with this email.
>
>
> · The Trust has nothing to do with the Province, it will be created by OPG and will be consolidated with OPG, not with the Province and is essentially not an issue with regard to the estimates process.
>
> · The objective of this estimates exercise is to allow the Province, or more specifically the Ministry of Energy to invest a certain amount of funds in OPG. In other words the Province's equity investment in OPG will increase.
>
> · The Province provides cash to OPG, reducing its cash assets and its Investment in OPG, an asset account will increase, in effect one asset is exchanged for another.
>
> · As such an operating asset needs to be set up hopefully in Energy's estimates that allows the Province to make the payment to OPG.
>
> · The amount will be around $1.2 billion, however, Scott should able to provide a more precise number.
>
>
> Thanks and I am available for a discussion tomorrow, if anyone wishes further clarification, pls call me on my cell at 647-202-4373.
>
> Ken K
>
>
>
>
> From: Fung, Felix (TBS) [mailto:Felix.Fung@ontario.ca]
> Sent: Friday, April 21, 2017 8:30 PM
> To: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Psinas, John (TBS) <John.Psinas@ontario.ca>
> Cc: Helen Graham (MOF) <Helen.Graham@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; James Strang (MOF) <James.Strang@ontario.ca>; Sandy Luk (MOHLTC) <Sandy.Luk@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>
> Subject: RE: Equity Financing
>
> Sorry, 1 more question on this that I hope MOF/ENE and the OFA can help me answer. Scott/Katilin, your finance corporate shop may be able to help with this question too.
>
> I believe the Trust will be held by OPG. Since this is case, then it wouldn't be an operating asset that we need to show in the Estimates (as the Estimates generally don't show assets of consolidated entities). Instead, we would

need to show a payment from MOF or Energy to the trust, and then a reversing adjustment below the line (but all of this would be in expense, not assets)?. In other words, how does MOF/ENE propose this to be shown in Printed Estimates?
>
> Thanks - happy to chat further.
>
> Felix
>
>
> From: Fung, Felix (TBS)
> Sent: April-21-17 8:17 PM
> To: Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kandeepan, Ken (OFA); Kim, John (OFA); Psinas, John (TBS)
> Cc: Graham, Helen (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS)
> Subject: RE: Equity Financing
>
> Hi everyone, further to James' email below, in order to have the possibility of including the operating asset in Printed Estimates (which is our preferred/recommended option), we need the following information from Energy/MOF by Monday:
>
> 1) the exact value of the operating asset that is required (note our comments below regarding any buffers that are to be added)
> 2) confirmation of the location of where this operating asset will show up (Ministry, admin data info)
> 3) a business case rationale explaining the purpose and why this is needed
>
> As per our conversation, we are currently in the midst of preparing for Printed Estimates - as such, we have an extremely short runway for this item to be included (we have until possibly Tuesday).
>
> Once we have the necessary information from you, we will then need to send it up to senior officials here, and also ensure that DMs of both Finance and Energy have an opportunity to review/sign off.
>
> Thanks - happy to chat further should you have any questions.
>
> Felix
>
>
>
> From: Strang, James (TBS)
> Sent: April-20-17 4:36 PM
> To: Kandeepan, Ken (OFA); Kim, John (OFA); Psinas, John (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF)
> Cc: Graham, Helen (TBS); Fung, Felix (TBS); Hosick, Sarah (TBS)
> Subject: FW: Equity Financing
>
> Hi, I've highlighted on page one of the attached note what I was referring during the teleconference around financing the trust (51%, 49%).
>
> Any buffer being added to the 49% needs to be explicitly identified in the Treasury Board submission – it is a decision point for TB to include a buffer. To what degree does the $2.5B have a buffer based on the level of precision in the estimate should also be covered.
>
> The TB submission needs to specify the rationale for the ask (explicitly identifying any buffer amounts being added), and the requested minute.
>
> James
>
> From: Fung, Felix (TBS)

> Sent: April 11, 2017 1:43 PM
> To: Veinot, Cindy (TBS)
> Cc: Hosick, Sarah (TBS); Graham, Helen (TBS); Strang, James (TBS)
> Subject: FW: Equity Financing - Working Group Note
>
> FYI
>
> From: Strang, James (TBS)
> Sent: April-11-17 11:58 AM
> To: Graham, Helen (TBS)
> Cc: Fung, Felix (TBS)
> Subject: FW: Equity Financing - Working Group Note
>
> The OFA note we received.
>
> From: Fung, Felix (TBS)
> Sent: April 4, 2017 10:47 AM
> To: Strang, James (TBS)
> Subject: FW: Equity Financing - Working Group Note
>
>
>
> From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
> Sent: April-04-17 10:45 AM
> To: Fung, Felix (TBS)
> Cc: Bruno Amara; Adam Prokop
> Subject: FW: Equity Financing - Working Group Note
>
> Hi Felix,
>
> Forwarding this to you as well. Please see attached.
>
> Regards,
> Salman
>
>
> From: Adam Prokop
> Sent: Tuesday, April 04, 2017 10:38 AM
> To: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Salman Qadir <Salman.Qadir@ofina.on.ca<mailto:Salman.Qadir@ofina.on.ca>>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca<mailto:Shajee.Kathirgamanathan@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; John Psinas <John.Psinas@ofina.on.ca<mailto:John.Psinas@ofina.on.ca>>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca<mailto:Kaitlin.Montgomery@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
> Subject: Equity Financing - Working Group Note
>
> Greetings,
>
> Please review the attached equity injection note for internal review only. Please keep this within the Ministry/OFA for now.
>
> Kind regards,
>
> Adam Prokop

> Economic Specialist
> Office: 416-315-6462
> adam.prokop@ofina.on.ca<mailto:adam.prokop@ofina.on.ca>
>
>
> _____
>
> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Bruno Amara; Salman Qadir
Cc:	Shajee Kathirgamanathan; Gavin He
Subject:	FW: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 8:51:50 AM

Fyi.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, May 30, 2017 8:48 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: FW: Equity Injection Term Sheet

HI John,

Thought this should go to you too.

Malle

From: Hanslep, Malle (MOF)
Sent: May 30, 2017 8:23 AM
To: Yep, Carlos (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Equity Injection Term Sheet

Thanks Carlos.

In the previous H1 related loans, the Minister of Energy signed the share purchase agreement and the Minister of Finance signed the loan agreement under the authority of an OIC. OFA staff act on behalf of the Minister of Finance in taking certain actions related to the loan. I am not sure that the Minister of Energy can delegate authority under the share purchase agreement for this equity injection (i.e. to make a decision to purchase shares) in the same way that OFA staff would deal with actions under a loan agreement. It may be that if there needs to be some quick turn-around in relation to funding OPG via the equity injection that maybe there might be a services agreement between the OFA and the Ministry of Energy. Perhaps, this only refers to how the money is being flowed and is more of a back-office function, and someone at the Ministry of Energy directs the OFA to take the action.

We will take a look at this term sheet too and provide some comments and questions.

Thanks.

Malle

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: May 30, 2017 7:58 AM

To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Equity Injection Term Sheet

fyi

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Hanslep, Malle (MOF)
To:	John Kim
Cc:	Tobias P. Whitfield (MOF)
Subject:	FW: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 8:48:12 AM

HI John,

Thought this should go to you too.

Malle

From: Hanslep, Malle (MOF)
Sent: May 30, 2017 8:23 AM
To: Yep, Carlos (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Equity Injection Term Sheet

Thanks Carlos.

In the previous H1 related loans, the Minister of Energy signed the share purchase agreement and the Minister of Finance signed the loan agreement under the authority of an OIC. OFA staff act on behalf of the Minister of Finance in taking certain actions related to the loan. I am not sure that the Minister of Energy can delegate authority under the share purchase agreement for this equity injection (i.e. to make a decision to purchase shares) in the same way that OFA staff would deal with actions under a loan agreement. It may be that if there needs to be some quick turn-around in relation to funding OPG via the equity injection that maybe there might be a services agreement between the OFA and the Ministry of Energy. Perhaps, this only refers to how the money is being flowed and is more of a back-office function, and someone at the Ministry of Energy directs the OFA to take the action.

We will take a look at this term sheet too and provide some comments and questions.

Thanks.

Malle

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: May 30, 2017 7:58 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Equity Injection Term Sheet

fyi

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>

Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Carlos Yep
To:	Mike Manning; James Devine; John Kim; Bruno Amara; Ken Kandeepan; John Psinas
Subject:	FW: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 8:30:28 AM

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, May 30, 2017 8:23 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Equity Injection Term Sheet

Thanks Carlos.

In the previous H1 related loans, the Minister of Energy signed the share purchase agreement and the Minister of Finance signed the loan agreement under the authority of an OIC. OFA staff act on behalf of the Minister of Finance in taking certain actions related to the loan. I am not sure that the Minister of Energy can delegate authority under the share purchase agreement for this equity injection (i.e. to make a decision to purchase shares) in the same way that OFA staff would deal with actions under a loan agreement. It may be that if there needs to be some quick turn-around in relation to funding OPG via the equity injection that maybe there might be a services agreement between the OFA and the Ministry of Energy. Perhaps, this only refers to how the money is being flowed and is more of a back-office function, and someone at the Ministry of Energy directs the OFA to take the action.

We will take a look at this term sheet too and provide some comments and questions.

Thanks.

Malle

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: May 30, 2017 7:58 AM
To: Hanslep, Malle (MOF)
Cc: Whitfield, Tobias P. (MOF)
Subject: FW: Equity Injection Term Sheet

fyi

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Ronald Kwan
Cc: Bruno Amara
Subject: FW: Equity Injection Term Sheet
Date: Monday, May 29, 2017 2:04:20 PM
Attachments: Term Sheet_Master Subscription_draftMay26.docx

Fyi.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA~~/Province~~ to OPG

(ii) funds transfer from OFA to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Commented [KC1]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

From: John Kim
To: Bruno Amara
Subject: FW: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 9:56:11 AM

Do you know what Ron is referring to on the TB date?

I know there is the Cabinet date June 14….but didn't think it was the TB?

From: Ronald Kwan
Sent: Tuesday, May 30, 2017 9:49 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: Equity Injection Term Sheet

Hi John,

Please discuss with Kaitlin.

In theory, the TB submission should be in to TB today.

Ron

On May 30, 2017, at 8:22 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> H Ron,
>
> I don't believe OPG agreed to do so but this, I believe, is just an early draft looking for comments from our side.
>
> John
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Monday, May 29, 2017 5:47 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: Equity Injection Term Sheet
>
> Hi John,
>
> Has OPG "agreed" that the Trust would purchase the asset monthly? Earlier discussions had contemplated the Trust not going to market every month but perhaps, e.g., quarterly. Would the Trust get interim financing and purchase the asset monthly regardless?
>
> Ron

From: John Kim
Sent: May-29-17 14:04
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Fyi.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

From:	Young, Graham (ENERGY)
To:	Ken Kandeepan; John Kim
Cc:	Talwar, Shruti (ENERGY)
Subject:	FW: Fair Hydro - April equity injection
Date:	Wednesday, April 11, 2018 1:07:00 PM

Ken/John,

OPG will be requesting the next equity injection soon, likely before the end of the week The amount will be $65,560,000 and be needed by April 20th.

We will share the signed share subscription notice once we receive it and complete our review.

Thank you,
Graham

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: April 11, 2018 11:09 AM
To: Talwar, Shruti (ENERGY)
Cc: LADAK Lubna -TREASURY
Subject: Fair Hydro - April equity injection

Good morning Shruti,
We will be completing another investment purchase with the IESO on April 20 for a purchase price of $149M. The corresponding required equity injection will be $65,560,000 and we will be sending along the subscription materials shortly.

Regards,
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	John Kim
To:	Gavin He
Subject:	FW: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture
Date:	Friday, November 17, 2017 10:10:08 AM
Attachments:	Master Trust Indenture (November 7th Rating Agency Draft).DOCX Blackline - MTI.pdf MTSA (November 7th Rating Agency Draft).DOCX Blackline - MTSA.pdf IESO Security Agreement (November 7th Rating Agency Draft).DOCX Warehouse Supplement - Nov 6, 2017 (Osler).docx

---

Not sure if this is the latest….

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, November 08, 2017 9:52 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: FW: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture

Hi,

Here are updated versions of these documents.

We haven't heard anything on the protection agreement and process agreement.

Thanks,

Malle

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: November 8, 2017 9:42 AM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael; Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: RE: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture

Hi all,

Please find attached the latest drafts of the master trust indenture, master transfer and servicing agreement, IESO security agreement and warehouse supplemental indenture. These drafts remain subject to continuing review by OPG and the dealers.

Please let me know if you would like any blacklines in addition to the attached.

Thanks,

Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

Le présent courriel et les documents qui y sont joints sont exclusivement réservés à l'utilisation des destinataires concernés et peuvent être de nature privilégiée ou confidentielle. Toute distribution, impression ou autre utilisation est interdite aux autres personnes. Si vous ne faites pas partie des destinataires concernés, veuillez en informer immédiatement l'expéditeur, ainsi que supprimer ce courriel et les documents joints de manière permanente.

Draft Date: November 7, 2017

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Other Specified Creditors 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc 10
2.03 Use of Collateral 11
2.04 Suits To Protect the Collateral 11
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 12
2.09 Release of all Collateral 13
2.10 Certain Commercial Law Representations and Warranties 14

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 15
3.03 Form of Indenture Trustee's Certificate of Authentication 15
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 18
3.06 Beneficial Ownership of Global Notes 20

TABLE OF CONTENTS
(continued)

Page

3.07 Notices to Depository 20
3.08 CUSIP Numbers 20

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes 21
4.02 Denominations 23
4.03 Execution, Authentication and Delivery and Dating 23
4.04 Temporary Notes 24
4.05 Registration, Transfer and Exchange 24
4.06 Mutilated, Destroyed, Lost and Stolen Notes 28
4.07 Persons Entitled to Payment 29
4.08 Cancellation 30
4.09 Protection of Notes 30
4.10 New Issuances of Notes 30
4.11 Redemption 31

ARTICLE V CONDITIONS PRECEDENT 31

5.01 Conditions Precedent for Incurrence of Indebtedness 31
5.02 No Consent 33
5.03 Conditions Precedent for the Incurrence of other Obligations Secured 33
5.04 Acknowledgements 33

ARTICLE VI SUBORDINATION 34

6.01 Subordination 34
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations 34
6.03 Rights of Specified Creditors Preserved 34
6.04 Renewal or Extension of Senior Funding Obligations 35

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 35

7.01 Available Collections 35
7.02 Issuer Accounts 36
7.03 Investment of Funds in the Issuer Accounts 39
7.04 Allocation of Amounts on Deposit in the Collection Account 40
7.05 Allocation of Amounts on Deposit in Interest Accumulation Account 43
7.06 Allocation of Amounts on Deposit in Principal Accumulation Account 44
7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account 45
7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 45
7.09 Refinancing 47

TABLE OF CONTENTS
(continued)

Page

7.10 Allocation of Amounts on Deposit in the Series Accounts 48
7.11 Payments to be Held in Trust 48
7.12 Application of Trust Money 48

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 48

8.01 Events of Default 48
8.02 Acceleration of Maturity; Rescission and Annulment 50
8.03 Waiver of Past Defaults 51
8.04 Notice of Defaults 51
8.05 Remedies Generally 52
8.06 Default Interest and Expenses 52
8.07 Indenture Trustee May File Proofs of Claim 53
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 54
8.09 Indenture Trustee May Elect to Hold the Collateral 54
8.10 Termination by Indenture Trustee of Manager and Servicer 54
8.11 Control by Debtholders 54
8.12 Limitation on Suits 55
8.13 Application of Money Following an Event of Default 55
8.14 Limited Recourse 57
8.15 Restoration of Rights and Remedies 57
8.16 Rights and Remedies Cumulative 58
8.17 Delay or Omission Not Waiver 58
8.18 Waiver of Stay or Extension Laws 58
8.19 Indenture Trustee Appointed Attorney 58
8.20 Disclaimer of Marshalling 59

ARTICLE IX THE INDENTURE TRUSTEE 59

9.01 Certain Duties and Responsibilities 59
9.02 Certain Rights of Indenture Trustee 60
9.03 Not Responsible for Recitals or Issuer Funding Obligations 62
9.04 May Hold Notes 62
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 62
9.06 Corporate Indenture Trustee Required; Eligibility 63
9.07 Resignation and Removal; Appointment of Successor 63
9.08 Acceptance of Appointment by Successor 65
9.09 Merger, Conversion, Consolidation or Succession to Business 66
9.10 Trust Indenture Legislation 66
9.11 Representations and Covenants of the Indenture Trustee 66
9.12 Indenture Trustee's Application for Instructions from the Issuer 67
9.13 Appointment of Co-Trustee or Separate Indenture Trustee 67
9.14 Preservation of Information; Communications to Debtholders 68
9.15 Acceptance of Trusts by Indenture Trustee 70

TABLE OF CONTENTS
(continued)

Page

9.16 Paying Agent 70

ARTICLE X MEETINGS 71

10.01 Conduct of Meetings 71
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 73
10.03 Extraordinary Resolution 75
10.04 Declaration by Chairman of Result of Vote 76
10.05 Minutes 76
10.06 Signed Instruments 76
10.07 Persons Who May Attend 76
10.08 Binding Effect of Resolutions 77
10.09 Notes Regarded as Not Outstanding for Certain Purposes 77

ARTICLE XI SUPPLEMENTAL INDENTURES 77

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 77
11.02 Supplemental Indentures and Amendments with Consent of Debtholders 79
11.03 Execution of Amendments and Supplemental Indentures 80
11.04 Effect of Amendments and Supplemental Indentures 80
11.05 Reference in Notes to Supplemental Indentures 81

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 81

12.01 Representations and Warranties of the Issuer 81

ARTICLE XIII COVENANTS OF THE ISSUER 83

13.01 Payment of Principal and Interest 83
13.02 Use of Proceeds 83
13.03 Maintenance of Office or Agency 83
13.04 Legal Existence 84
13.05 Separateness Covenants 84
13.06 Compliance with Laws 85
13.07 Performance of Obligations 85
13.08 Funding Obligations 85
13.09 Financial Statements 85
13.10 Statement as to Compliance 86
13.11 Payment Instruction 86
13.12 Notice of Events of Default 86
13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 86
13.14 Other Positive Covenants 87
13.15 Rule 144A Information 88
13.16 Further Instruments and Acts 88

TABLE OF CONTENTS
(continued)

Page

13.17 No Other Business 88
13.18 Amendments to Program Agreements 88
13.19 Issuer May Consolidate, Etc., Only on Certain Terms 89
13.20 Successor Substituted 90
13.21 Guarantees, Loans, Advances and Other Liabilities 90
13.22 Capital Expenditures 90
13.23 Restricted Payments 90
13.24 No Borrowing 91
13.25 Other Negative Covenants 91
13.26 Indenture Trustee May Perform Covenants 91

ARTICLE XIV MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS 92

14.01 Management Agreement 92
14.02 Credit Enhancement Agreements 92

ARTICLE XV NOTICES 92

15.01 Notice to Issuer 92
15.02 Notice to the Indenture Trustee 93
15.03 Notice to Noteholders 93
15.04 Notice to Other Specified Creditors 94
15.05 Notice to Rating Agencies 95
15.06 Change of Address 95

ARTICLE XVI MISCELLANEOUS 95

16.01 No Petition 95
16.02 Withholding Rights 95
16.03 U.S. Tax Treatment 95
16.04 Alternate Payment Provisions 96
16.05 Final Distribution 96
16.06 Force Majeure 97
16.07 Delivery of Executed Copies 97

SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF PAYMENT INSTRUCTIONS
EXHIBIT 2 — FORM OF REFINANCING NOTICE

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee[1] (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

[1] This draft does not reflect any comments from the Indenture Trustee.

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(h) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six months days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified

Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral

(including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums

so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) all Notes of that Class, Series or Tranche theretofore outstanding (other than (A) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (B) Funding Obligations of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.12 and 16.05(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the

provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee,

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the

registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche

of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of all Series advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders, the holders of Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not

prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) The Class in respect of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any Events of Default with respect to such Series or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series or Tranche);

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) **[if such Series or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;]**

(xviii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Payment Date;

(xx) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche; and

(xxi) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of

Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so)

to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of a Class of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of

Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.11 Redemption

[NTD: redemption mechanics to be included.]

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Series or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the Change of Law Protection Agreement shall be in full force and effect against the Province or has been replaced with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations pursuant to an Ordinary Resolution;

(h) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(i) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(j) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code),

then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(k) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined under, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(f) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible

Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account shall be credited to a Series Capital Reserve Account, to the extent that there is a requirement for funds in such Series Capital Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined under, the Fair Hydro Act Regulations.

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account shall be credited to a Series Finance Reserve Account, to the extent that there is a requirement for funds in such Series Finance Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such

new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined under, the Fair Hydro Act Regulations.

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections 7.05 to 7.10.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided,

however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[2] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(iii) Third, on a *pro rata* basis (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, on a *pro rata* basis (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(v) Fifth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations,

(vi) Sixth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);

(vii) Seventh, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to

[2] To be confirmed.

Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(viii) Eighth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(ix) Ninth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date,

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Subordinated);

(xiii) Thirteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement related solely to Subordinated Funding Obligations;

(xiv) Fourteenth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(xv) Fifteenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Accounts or Series Finance Reserve Accounts as required by any Related Funding Obligation Agreement related solely to Junior Subordinated Funding Obligations;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period;

(xx) Twentieth, on a *pro rata* basis (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxi) Twenty-First, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Sections 7.07 and 8.13, on each Interest Payment Date, any amount on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Interest Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (y) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (y) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation

Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full including all interest thereon any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

Subject to Section 8.13, on each Principal Payment Date, any amount on deposit in the Principal Accumulation Account and any amounts transferred pursuant to Section 7.07 will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Principal Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the succeeding Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account

(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Subordinated/Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Subordinated/Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinate Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date,

(ii) Secondly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(c) is less than the amount of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(b) On each Principal Payment Date (and if the Principal Payment Date is also an Interest Payment Date, after making the applications provided for in subsection 7.08(a) and Section 7.07), amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Senior Funding Obligations on such Principal Payment Date;

(ii) Secondly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(b) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(c) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall

be applied to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b): (i) to be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Refinancing

(a) Not less than [30] days prior the first day of the Reference Period that includes the Principal Accumulation Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) The amount on deposit in the Refinancing Account; and

(ii) The Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts remaining in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in the Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligations Agreement.

7.11 Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.12 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

[NTD: to be determined if certain events of default should be triggered on a series by series basis.]

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of [5] days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within 10 days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

[NTD: to be determined if acceleration should be determined on a series by series basis.]

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its

agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and

upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of

any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[3] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

[3] To be confirmed.

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;][4]

(e) Fifth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(f) Sixth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(g) Seventh, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(h) Eighth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(k) Eleventh, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(l) Twelfth, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(m) Thirteenth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity

[4] Subject to ongoing discussion.

amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Specified Creditors for whom such Series Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this

Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as BNY Trust Company of Canada is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after

such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any

particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such Class, Series or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable Classes, Series and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest

owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, **[of Controlling Class Obligations of a Series]** or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that Debtholder Group, convene a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting

and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the applicable Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the applicable Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of

which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be

necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of the Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own

account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective

heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture

Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations

affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in

effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in

connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee, as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer

for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Event of Default has occurred (without regard to any grace period or requirement of notice), or, if there has been a material default in the fulfillment of any such condition or covenant or an Event of Default has occurred (without regard to any grace period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such Classes, Series or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute

and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted

by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the

Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day

receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: [■]
Fax: (416) [■]
Email: [■]

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Services
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination

outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the

money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in any Issuer Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments; and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" or "**Class of Issuer Funding Obligations**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations **[and the Derivative Funding Obligations]**, each of which shall be a class of Issuer Funding Obligations.

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a)

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Issuer was established.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating

thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to

3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act including Ontario regulations 206/17 and 195/17

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with

respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(xiii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a).

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(iii)(A).

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(viii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b).

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day which is an "Interest Payment Date" in respect of any Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts and the Series Accounts and including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if

required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, Senior Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche or the applicable Derivative Counterparty, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means the 15th day of each calendar month.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Funding Obligation Agreement in respect of such Series plus any amounts specified in the Funding Obligation Agreement in respect of such Series in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; *provided* that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day which is a "Principal Payment Date" under a Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account and the Refinancing Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Program Cash Reserve Balance**" means, at any time, the amount on deposit in the Program Cash Reserve Account.

"**Program Cash Reserve Required Amount (Junior Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Senior)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Total)**" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).

"**Program Cash Reserve Required Deposit Amount (Junior Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Senior)**" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding Class, Series or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any

Outstanding Notes immediately before the taking of such action, **[or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action]**, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Principal Shortfall**" has the meaning specified in subsection 7.07(b).

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Series Capital Account**" has the meaning specified in subsection 7.02(f).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated/Senior Principal Shortfall**" has the meaning specified in subsection 7.07(a).

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging

to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreeement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.]

~~[ISSUER]~~FAIR HYDRO TRUST

as Issuer

AND

~~[INDENTURE TRUSTEE]~~

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER **1**

AGREEMENT OF THE PARTIES **1**

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION **1**

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Other Specified Creditors 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts ..... ~~7~~6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8

ARTICLE II COLLATERAL **8**

2.01 Security for Obligations Secured 8
2.02 Recording, Etc. 10
2.03 Use of Collateral 11
2.04 Suits To Protect the Collateral ..... ~~12~~11
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture ..... ~~13~~12
2.09 Release of all Collateral ..... ~~14~~13
2.10 Certain Commercial Law Representations and Warranties 14

ARTICLE III NOTE FORMS **15**

3.01 Forms Generally 15
3.02 Forms of Notes 15
3.03 Form of Indenture Trustee's Certificate of Authentication ..... ~~16~~15
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 18

TABLE OF CONTENTS
(continued)

Page

3.06 Beneficial Ownership of Global Notes 20
3.07 Notices to Depository 20
3.08 CUSIP Numbers 20

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series~~,~~ ~~Class~~ or Tranche of Notes 21
4.02 Denominations ..... ~~24~~**23**
4.03 Execution, Authentication and Delivery and Dating ..... ~~24~~**23**
4.04 Temporary Notes ..... ~~25~~**24**
4.05 Registration, Transfer and Exchange ..... ~~25~~**24**
4.06 Mutilated, Destroyed, Lost and Stolen Notes ..... ~~29~~**28**
4.07 Persons Entitled to Payment ..... ~~30~~**29**
4.08 Cancellation ..... ~~31~~**30**
4.09 Protection of Notes ..... ~~31~~**30**
4.10 New Issuances of Notes **30**
4.11 Redemption 31

ARTICLE V CONDITIONS PRECEDENT ..... ~~32~~31

5.01 Conditions Precedent for Incurrence of Indebtedness ..... ~~32~~**31**
5.02 No Consent 33
5.03 Conditions Precedent for the Incurrence of other Obligations Secured ..... ~~34~~**33**
5.04 Acknowledgements ..... ~~34~~**33**

ARTICLE VI SUBORDINATION 34

6.01 Subordination 34
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations ..... ~~35~~**34**
6.03 Rights of Specified Creditors Preserved ..... ~~35~~**34**
6.04 Renewal or Extension of Senior Funding Obligations ..... ~~36~~**35**

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS ..... ~~36~~35

7.01 Available Collections ..... ~~36~~**35**
7.02 Issuer Accounts 36
7.03 Investment of Funds in the Issuer Accounts 39
7.04 Allocation of Amounts on Deposit in the Collection Account 40
7.05 Allocation of Amounts on Deposit in ~~the Other Issuer Accounts~~**Interest Accumulation Account** 43
7.06 **Allocation of Amounts on Deposit in Principal Accumulation Account** **44**
7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account **45**

TABLE OF CONTENTS
(continued)

Page

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 45
7.09 Refinancing 47
7.10 Allocation of Amounts on Deposit in the Series Accounts 48
7.11 Payments to be Held in Trust 4448
7.07 7.12 Application of Trust Money 4448

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 4448

8.01 Events of Default 4448
8.02 Acceleration of Maturity; Rescission and Annulment 4550
8.03 Waiver of Past Defaults 4751
8.04 Notice of Defaults 4751
8.05 Remedies Generally 4852
8.06 Default Interest and Expenses 4852
8.07 Indenture Trustee May File Proofs of Claim 4953
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 4954
8.09 Indenture Trustee May Elect to Hold the Collateral 5054
8.10 Termination by Indenture Trustee of Manager and Servicer 5054
8.11 Control by Debtholders 5054
8.12 Limitation on Suits 5055
8.13 Application of Money Following an Event of Default 5155
8.14 Limited Recourse 5357
8.15 Restoration of Rights and Remedies 5357
8.16 Rights and Remedies Cumulative 5358
8.17 Delay or Omission Not Waiver 5458
8.18 Waiver of Stay or Extension Laws 5458
8.19 Indenture Trustee Appointed Attorney 5458
8.20 Disclaimer of Marshalling 5559

ARTICLE IX THE INDENTURE TRUSTEE 5559

9.01 Certain Duties and Responsibilities 5559
9.02 Certain Rights of Indenture Trustee 5660
9.03 Not Responsible for Recitals or Issuer Funding Obligations 5862
9.04 May Hold Notes 5862
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 5862
9.06 Corporate Indenture Trustee Required; Eligibility 5963
9.07 Resignation and Removal; Appointment of Successor 5963
9.08 Acceptance of Appointment by Successor 6165
9.09 Merger, Conversion, Consolidation or Succession to Business 6166
9.10 Trust Indenture Legislation 6266
9.11 Representations and Covenants of the Indenture Trustee 6266
9.12 Indenture Trustee's Application for Instructions from the Issuer 6267

TABLE OF CONTENTS
(continued)

Page

9.13 Appointment of Co-Trustee or Separate Indenture Trustee ~~63~~67
9.14 Preservation of Information; Communications to Debtholders ~~64~~68
9.15 Acceptance of Trusts by Indenture Trustee ~~65~~70
9.16 Paying Agent ~~65~~70

ARTICLE X MEETINGS ~~67~~71

10.01 Conduct of Meetings ~~67~~71
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution ~~69~~73
10.03 Extraordinary Resolution ~~71~~75
10.04 Declaration by Chairman of Result of Vote ~~72~~76
10.05 Minutes ~~72~~76
10.06 Signed Instruments ~~72~~76
10.07 Persons Who May Attend ~~72~~76
10.08 Binding Effect of Resolutions ~~72~~77
10.09 Notes Regarded as Not Outstanding for Certain Purposes ~~73~~77

ARTICLE XI SUPPLEMENTAL INDENTURES ~~73~~77

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors ~~73~~77
11.02 Supplemental Indentures and Amendments with Consent of Debtholders ~~75~~79
11.03 Execution of Amendments and Supplemental Indentures ~~76~~80
11.04 Effect of Amendments and Supplemental Indentures ~~76~~80
11.05 Reference in Notes to Supplemental Indentures ~~77~~81

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER ~~77~~81

12.01 Representations and Warranties of the Issuer ~~77~~81

ARTICLE XIII COVENANTS OF THE ISSUER ~~79~~83

13.01 Payment of Principal and Interest ~~79~~83
13.02 Use of Proceeds ~~79~~83
13.03 Maintenance of Office or Agency ~~79~~83
13.04 Legal Existence ~~80~~84
13.05 Separateness Covenants ~~80~~84
13.06 Compliance with Laws ~~81~~85
13.07 Performance of Obligations ~~81~~85
13.08 Funding Obligations ~~81~~85
13.09 Financial Statements ~~82~~85
13.10 Statement as to Compliance ~~82~~86
13.11 Payment Instruction ~~82~~86
13.12 Notice of Events of Default ~~82~~86

TABLE OF CONTENTS
(continued)

Page

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors ~~83~~86
13.14 Other Positive Covenants ~~83~~87
13.15 Rule 144A Information ~~84~~88
13.16 Further Instruments and Acts ~~84~~88
13.17 No Other Business ~~84~~88
13.18 Amendments to Program Agreements ~~84~~88
13.19 Issuer May Consolidate, Etc., Only on Certain Terms ~~85~~89
13.20 Successor Substituted ~~86~~90
13.21 Guarantees, Loans, Advances and Other Liabilities ~~86~~90
13.22 Capital Expenditures ~~86~~90
13.23 Restricted Payments ~~86~~90
13.24 No Borrowing ~~87~~91
13.25 Other Negative Covenants ~~87~~91
13.26 Indenture Trustee May Perform Covenants ~~87~~91

ARTICLE XIV MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS ~~88~~92

14.01 Management Agreement ~~88~~92
14.02 Credit Enhancement Agreements ~~88~~92

ARTICLE XV NOTICES ~~89~~92

15.01 Notice to Issuer ~~89~~92
15.02 Notice to the Indenture Trustee ~~89~~93
15.03 Notice to Noteholders ~~90~~93
15.04 Notice to Other Specified Creditors ~~91~~94
15.05 Notice to Rating Agencies ~~91~~95
15.06 Change of Address ~~91~~95

ARTICLE XVI MISCELLANEOUS ~~91~~95

16.01 No Petition ~~91~~95
16.02 Withholding Rights 95
16.03 U.S. Tax Treatment ~~92~~95
~~16.03~~16.04 Alternate Payment Provisions ~~92~~96
~~16.04~~16.05 Final Distribution ~~92~~96
~~16.05~~16.06 Force Majeure ~~93~~97
~~16.06~~16.07 Delivery of Executed Copies ~~93~~97

SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF PAYMENT INSTRUCTIONS
EXHIBIT 2 — FORM OF REFINANCING NOTICE

TABLE OF CONTENTS
(continued)

Page

This **TRUST INDENTURE**, between ~~[ISSUER]~~**COMPUTERSHARE TRUST COMPANY OF CANADA in its capacity as trustee of FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and ~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee[1] (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of **Issuer** Funding Obligations in one or more **Classes,** Series~~, Classes~~ or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

~~(b) [all other terms used herein which are defined in the Master Transfer and Servicing Agreement, either directly or by reference therein, have the meanings assigned to them therein;]~~[1]

(b) ~~(c)~~ all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

[1] **This draft does not reflect any comments from the Indenture Trustee.**

~~[1] **NTD**: Defined terms from Master Transfer and Servicing Agreement to be included in Schedule A. Schedule A will be a master glossary for all Program Agreements.~~

(c) ~~(d)~~ unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(h) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series~~, Class~~ or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant

to Article V and this Section 1.02, as applicable, in connection with the ~~first~~ authentication of Notes of such Series~~, Class~~ or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, **resolution,** waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any **Class,** Series~~, Class~~ or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. ~~If Notes~~

~~of a Series, Class or Tranche are issuable in whole or in part as Bearer Notes~~**In addition**, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) ~~The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness to such execution or by the certificate of any notary public or other officer authorized by applicable law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or limited liability company, or a partner of a partnership, on behalf of such corporation, limited liability company or partnership, such certificate or affidavit will also constitute sufficient proof of his or her authority.~~ The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may ~~also~~ be proved in any ~~other~~ manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified ~~pursuant to Section 4.01 or~~ pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than ~~90~~**six months** days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY

MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the

Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified

Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) ~~the Collection Account, the Refinancing Account, each Finance Reserve Account, each Capital Reserve Account and each Supplemental Reserve~~**each Issuer** Account (including all Sub-Accounts of each ~~of the foregoing~~**Issuer Account**);

(iii) all Eligible Investments and all investment property, money and other property held in the ~~Collection Account, the Refinancing Account, any Finance Reserve Account, any Capital Reserve Account or any Supplemental Reserve Account~~**Issuer Accounts** (including any Sub-Accounts of each ~~of the foregoing~~**Issuer Account**);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest

in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement

Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the

right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05).

The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any **Class,** Series~~, Class~~ or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every **Class,** Series~~, Class~~ or Tranche of ~~Notes~~**Funding Obligations** as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any **Class,** Series~~, Class~~ or Tranche of ~~Notes~~**Funding Obligations** (except as to any surviving rights of transfer or exchange of Notes of that **Class,** Series~~, Class~~ or Tranche expressly provided for herein or in ~~the~~**any** form of Note for that **Class,** Series~~, Class~~ or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that **Class,** Series~~, Class~~ or Tranche, when:

(i) all Notes of that **Class,** Series~~, Class~~ or Tranche theretofore ~~authenticated and delivered~~**outstanding** (other than (A) Notes of that **Class,** Series~~, Class~~ or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section ~~16.04~~**16.05**(b), and (B) ~~Notes~~**Funding Obligations** of that **Class,** Series~~, Class~~ or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section ~~16.04~~**16.05**(b)) have been delivered to the Indenture Trustee ~~canceled or~~ for cancellation **or been cancelled**;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the ~~Notes~~**Funding Obligations** of that **Class,** Series~~, Class~~ or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that **Class,** Series~~, Class~~ or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any **Class,** Series~~, Class~~ or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that **Class,** Series~~, Class~~ or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections ~~7.07~~**7.12** and ~~16.04~~**16.05**(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any **Class,** Series~~, Class~~ or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the **Class,** Series~~, Class~~ or Tranche designated therein referred to in the within-mentioned Indenture.

~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, as Indenture Trustee,

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes ~~pursuant to Sections 3.02 and 4.01~~ that the Notes of a particular **Class,** Series~~, Class~~ or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the

Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to ~~[~~Fair Hydro Trust~~]~~ (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to ~~[~~Fair Hydro Trust~~]~~ (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such **Class,** Series~~, Class~~ or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or **ceases to be** a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer

within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such **Class,** Series~~, Class~~ or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such **Class,** Series~~, Class~~ or Tranche of like tenor and terms in **definitive form in** an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any **Class,** Series~~, Class~~ or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such **Class,** Series~~, Class~~ or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such **Class,** Series~~, Class~~ or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such **Class,** Series~~, Class~~ or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing~~ with respect to such Global Notes,~~ and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of ~~that~~**all** Series advise the Indenture Trustee and the Depository that ~~a~~ Global ~~Note is~~**Notes are** no longer in the best interest of the Noteholders~~ of that Series~~, the holders of Global Notes~~ of that Series~~ may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any ~~Tranche~~**Series**, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series~~, Class or Tranche~~ and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series~~, Class or Tranche~~, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series~~, Class or Tranche~~ of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global

Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable ~~clearing agency or~~ Depository and the~~ clearing agency's or~~ Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the ~~applicable clearing agency or Depository and the clearing agency's or Depository's participants and will be limited to those established by applicable law and agreements between such Note Owners and the clearing agency or Depository and/or the clearing agency's or~~**Depository and the** Depository's participants. ~~Pursuant to the operating rules of the applicable clearing agency, unless~~**Unless** and until Notes in definitive form are issued pursuant to Section 3.04,~~ the clearing agency or~~ the Depository will make book-entry transfers among the ~~clearing agency's or the~~ Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such~~ clearing agency's or~~ Depository's participants**, in accordance with the Depository's applicable procedures from time to time**.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the

Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the ~~clearing agency~~**Depository** and the ~~clearing agency~~**Depository**'s participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes **in accordance with the applicable procedures of the Depository**.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series~~, Class~~ or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes **of any Class** may be issued in one or more Series~~, Classes~~ or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) **The Classes of Notes are as set forth in this Indenture.** Each Note issued must be part of a ~~Series, Class~~ and ~~Tranche~~**Series** of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A ~~Class or~~ Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

~~(d) Each Series of Notes may, but need not be, subdivided into multiple Classes. Notes belonging to a Class in any Series may be entitled to specified payment priorities over other Classes of Notes in that Series.~~

(d) ~~(e)~~ Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If **the Notes of** a Series ~~of Notes is subdivided into multiple Classes, the Notes of each Class of such Series shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Class~~ of Notes belong to different Tranches, all Notes of such ~~Class~~**Series**, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the ~~Class~~**Series** of Notes.

~~(f) Notes of a Series that belong to different Classes in that Series belong to different Tranches on the basis of the difference in Class membership.~~

(e) ~~(g)~~ Each ~~Class~~**Series** of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single ~~Class~~**Series** of a ~~Series~~**Class** will belong to different Tranches if they have different terms and conditions. With respect to any ~~Class~~**Series** of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) ~~(h)~~ Before the initial issuance of Notes of each Series~~, Class~~ or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) **The Class in respect of such Series;**

(ii) ~~(i)~~ the Series designation;

(iii) ~~(ii)~~ the Stated Principal Amount of the Notes;

(iv) ~~(iii)~~ whether such Notes are of a particular ~~Class of Notes or a~~ Tranche of ~~a Class of~~ Notes;

(v) ~~(iv)~~ the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

~~(v) if the principal of or interest, if any, on such Notes are to be payable, at the election of the Issuer or a Noteholder, in a currency or currencies other than that in which the Notes are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;~~

~~(vi) if the amount of payments of principal of or interest, if any, on such Notes may be determined with reference to an index based on (A) a currency or currencies other than that in which the Notes are stated to be payable, (B) changes in the prices of one or more other securities or indexes of securities or (C) changes in the prices of one or more commodities or indexes of commodities, or any combination of the foregoing, the manner in which such amounts will be determined;~~

(vi) ~~(vii)~~ the price or prices at which such Series~~, Class~~ or Tranche of Notes will be issued;

(vii) ~~(viii)~~ the times at which such Series~~, Class~~ or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;~~[2]~~

(viii) ~~(ix)~~ the rate per annum at which such Series~~, Class~~ or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) ~~(x)~~ each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series~~, Class~~ or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) ~~(xi)~~ the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series~~, Class~~ or Tranche of Notes;

(xiii) ~~(xii)~~ whether or not application will be made to list such Series~~, Class~~ or Tranche of Notes on any securities exchange;

(xiv) ~~(xiii)~~ any Events of Default with respect to such Series~~, Class~~ or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series~~, Class~~ or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series~~, Class~~ or Tranche);

(xv) ~~(xiv)~~ if such Series~~, Class~~ or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be

~~[2] To confirm whether optional or mandatory redemption is possible. If not, a specific provision prohibiting it will be included.~~

exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) ~~(xv)~~ if such Series~~, Class~~ or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series~~, Class~~ or Tranche of Notes are to be issued with or without coupons or both;

~~(xvi) the subordination of such Series, Class or Tranche of Notes to any other indebtedness of the Issuer, including without limitation, the Notes of any other Series, Class or Tranche;~~

(xvii) **[if such Series~~, Class~~ or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;]**

(xviii) if such Series~~, Class~~ or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series~~, Class~~ or Tranche of Notes, if different from the last day of the month before the related Payment Date;

~~(xx) the details of any accumulation period for such Series, Class or Tranche of Notes and the amount scheduled to be deposited in a Capital Reserve Account, if any, on each Payment Date during such accumulation period;~~

(xx) ~~(xxi)~~ whether and under what conditions, additional amounts will be payable to Noteholders of such Series~~, Class~~ or Tranche; and

(xxi) ~~(xxii)~~ any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) ~~(i)~~ The Notes of each **Class,** Series~~, Class~~ or Tranche will be distinguished from the Notes of each other **Class,** Series~~, Class~~ or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) ~~(j)~~ Any terms or provisions in respect of the Notes of any **Class,** Series~~, Class~~ or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series~~, Class~~ or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series~~, Class~~ or Tranche, the Registered Notes of that Series~~, Class~~ or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series~~, Class~~ or Tranche, the Bearer Notes of that Series~~, Class~~ or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series~~, Class~~ or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series~~, Class~~ or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive

evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series~~, Class~~ or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series~~, Class~~ or Tranche are issued, the Issuer will cause definitive Notes of such Series~~, Class~~ or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series~~, Class~~ or Tranche will be exchangeable for definitive Notes of such Series~~, Class~~ or Tranche upon surrender of the temporary Notes of such Series~~, Class~~ or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series~~, Class~~ or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series~~, Class~~ or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series~~, Class~~ or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular **Class,** Series~~, Class~~ or Tranche, and for transfers of Registered Notes or of Registered Notes of such **Class,** Series~~, Class~~ or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any **Class,** Series~~, Class~~ or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such **Class,** Series~~, Class~~ or Tranche of any authorized denominations, of a like aggregate Stated

Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any **Class,** Series~~, Class~~ or Tranche may be exchanged for other Notes of such **Class,** Series~~, Class~~ or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same **Class,** Series~~, Class~~ and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any **Class,** Series~~, Class~~ or Tranche during a period beginning at the opening of business 15 days

before the day of selection of Notes of such **Class,** Series~~, Class~~ or Tranche to be redeemed and ending at the close of business on (A) if Notes of such **Class,** Series~~, Class~~ or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such **Class,** Series~~, Class~~ or Tranche so selected for redemption or (B) if Notes of the **Class,** Series~~, Class~~ or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the **Class,** Series~~, Class~~ or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any **Class,** Series~~, Class~~ or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR

PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction

under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, **Class,** Series~~, Class~~ or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same **Class,** Series~~, Class~~ or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, **repurchase,** transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the

Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding ~~Class~~**Series** or Tranche of a ~~Series~~**Class** of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding ~~Class~~**Series** or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that ~~Class~~**Series** or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a ~~Class~~**Series** or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a ~~Class~~**Series** or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit~~ of the additional Notes. Furthermore, the targeted deposits, if any, to any applicable Issuer Account, will be increased proportionately to reflect the principal amount~~ of the additional Notes.

(b) When issued, the additional Notes of a ~~Class~~**Series** or Tranche will be identical in all respects to the other Outstanding Notes of that ~~Class~~**Series** or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related

Supplemental Indenture as the other Outstanding Notes of that ~~Class~~**Series** or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.11 Redemption

[NTD: redemption mechanics to be included.]

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable ~~Class~~**Series** or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section ~~7.06~~**7.11** (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the Change of Law Protection Agreement shall be in full force and effect against the Province or has been replaced with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations pursuant to an Ordinary Resolution;

(h) ~~(g)~~ the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(i) ~~(h)~~ in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(j) ~~(i)~~ in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(k) ~~(j)~~ in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section ~~7.06~~7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior

Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI

prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of

the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account~~"~~**"**

(b) **On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Interest Accumulation Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation** Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 **days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.**

(c) **On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Principal Accumulation Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30** days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new **Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is**

established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined under, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Program Cash Reserve Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(e) ~~(b)~~ On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(f) ~~(c)~~ From time to time in connection with the creation of any Series ~~or Class~~ of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "Series **Capital Reserve Account**") in the name

of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A **Series** Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account ~~not otherwise required to be paid to Specified Creditors at such time~~ shall be credited to a **Series** Capital Reserve Account, to the extent that there is a requirement for funds in such **Series** Capital Reserve Account, in accordance with the terms of ~~any~~**the** applicable Funding Obligation Agreement and Section 7.04. Each **Series** Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a **Series** Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new **Series** Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new **Series** Capital Reserve Account. From the date each such new **Series** Capital Reserve Account is established, it shall be a "**Series** Capital Reserve Account~~"~~**." Each Series Capital Reserve Account shall be a "capital account" under, and as defined under, the Fair Hydro Act Regulations.**

(g) ~~(d)~~ From time to time in connection with the creation of any Series ~~or Class~~ of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series** **Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A **Series** Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for ~~one or more~~**a** Series ~~or Classes~~ of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account ~~not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time~~ shall be credited to a **Series** Finance Reserve Account, to the extent that there is a requirement for funds in such **Series** Finance Reserve Account, in accordance with the terms of ~~any~~**the** applicable Funding Obligation Agreement and Section 7.04. Each **Series** Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a **Series** Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency

Condition is satisfied) establish a new **Series** Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new **Series** Finance Reserve Account. From the date each such new **Series** Finance Reserve Account is established, it shall be a "**Series** Finance Reserve Account~~".~~**." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined under, the Fair Hydro Act Regulations.**

~~(e) From time to time in connection with the creation of any Series or Class of Issuer Funding Obligations, the Issuer may cause the Indenture Trustee to establish one or more Eligible Deposit Accounts denominated as "**Supplemental Reserve Accounts**" in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Supplemental Reserve Account may be established for such other purposes not prohibited by this Indenture as the Issuer may deem necessary or desirable from time to time. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time shall be credited to a Supplemental Reserve Account, to the extent that there is a requirement for funds in such Supplemental Reserve Account, in accordance with the terms of the any applicable Funding Obligation Agreement and Section 7.04. Each Supplemental Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Supplemental Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Supplemental Reserve Account, as applicable, that is an Eligible Deposit Account and shall transfer any funds or other property from such Supplemental Reserve Account to such new Supplemental Reserve Account. From the date each such new Supplemental Reserve Account is established, it shall be a "Supplemental Reserve Account".~~

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments

pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections ~~7.04 and~~ 7.05 **to 7.10**.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series~~, Class~~ or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series~~, Class~~ **or Tranche, or (iv) the Principal Accumulation Date of such Series** or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series~~, Class~~ or Tranche will in all respects be equally and ratably entitled to the benefits hereof

with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series~~, Class~~ **or Tranche, or (iv) the Principal Accumulation Date of such Series** or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series~~, Class~~ or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date~~ of the Junior Subordinated Funding Obligations~~**, or (iv) the Principal Accumulation Date** of such Series~~, Class~~ or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, ~~(A)~~ to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; ~~and then (B)~~

(ii) **Second,** to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in

respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[32] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(iii) ~~(ii) Second, *pari passu*, (A) to Debtholders~~**Third**, on a *pro rata* basis~~, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations~~ **(A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date**, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) ~~(iii) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement~~**Fourth, on a *pro rata* basis (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date**, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

~~(iv) Fourth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any other Issuer Account as required by any Related Funding Obligation Agreement, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;~~

(v) Fifth, to ~~the Manager in respect of~~**Debtholders, on a *pro rata* basis,** all fees~~, expenses, reimbursement and indemnity amounts owing;~~ **and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations,**

(vi) Sixth, to ~~the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i);~~**deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);**

(vii) Seventh, ~~(A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any~~

[32] To be confirmed.

~~relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;~~**to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;**

(viii) Eighth, to ~~Debtholders, on a *pro rata* basis,~~**the Manager** in respect of all ~~interest accrued and unpaid, if any, and~~ fees**, expenses, reimbursement** and ~~other amounts (other than principal) due and payable on the Subordinated Funding Obligations~~**indemnity amounts owing**;

(ix) Ninth, to ~~Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;~~**transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;**

(x) Tenth, to transfer ~~such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account (other than a Capital Reserve Account) related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;~~**to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date,**

(xi) Eleventh, to Debtholders, on a *pro rata* basis, ~~in respect of all interest accrued and unpaid, if any, and~~**all** fees and other amounts (other than **interest or** principal) due and payable on the ~~Junior~~ Subordinated Funding Obligations;

(xii) Twelfth, to ~~Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Junior Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;~~**deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Subordinated);**

(xiii) Thirteenth**, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve**

Account as required by any Related Funding Obligation Agreement related solely to Subordinated Funding Obligations;

(xiv) **Fourteenth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,**

(xv) **Fifteenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,**

(xvi) **Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;**

(xvii) **Seventeenth**, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any ~~Issuer Account (other than a Capital Reserve Account)~~**Series Capital Accounts or Series Finance Reserve Accounts** as required by any Related Funding Obligation Agreement related solely to Junior Subordinated Funding Obligations ~~as required by any Related Funding Obligation Agreement~~;

(xviii) ~~(xiv) Fourteenth~~**Eighteenth**, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) ~~(xv) Fifteenth~~**Nineteenth**, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period; ~~and~~

(xx) **Twentieth, on a *pro rata* basis (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and**

(xxi) ~~(xvi) Sixteenth~~**Twenty-First**, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the

Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in ~~the Other Issuer Accounts~~Interest Accumulation Account

~~(a)~~ Subject to ~~clause (b) below, if, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date~~: ~~(i) amounts on deposit in any Issuer Account, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations, may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (iii); (ii) amounts on deposit in any Issuer Account related solely to Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (ix); and (iii) amounts on deposit in any Issuer Account related solely to Junior Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (xii).~~ **Sections 7.07 and 8.13, on each Interest Payment Date, any amount on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Interest Payment Date:**

(a) **Firstly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;**

(b) **Secondly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (y) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date;**

(c) **Thirdly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (y) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required**

Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full including all interest thereon any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

Subject to Section 8.13, on each Principal Payment Date, any amount on deposit in the Principal Accumulation Account and any amounts transferred pursuant to Section 7.07 will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Principal Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the

succeeding Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account

(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "Subordinated/Senior Principal Shortfall"), an amount equal to the lesser of:

(i) the Subordinated/Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinate Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "Senior Principal Shortfall"), an amount equal to the lesser of:

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date,

(ii) Secondly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(c) is less than the amount of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(b) On each Principal Payment Date (and if the Principal Payment Date is also an Interest Payment Date, after making the applications provided for in subsection 7.08(a) and Section 7.07), amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Senior Funding Obligations on such Principal Payment Date;

(ii) Secondly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(b) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal

Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(c) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b): (i) to be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Refinancing

(a) Not less than [30] days prior the first day of the Reference Period that includes the Principal Accumulation Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) ~~Notwithstanding anything to the contrary contained herein but subject to Section 8.13:~~On completion of a Refinancing all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) ~~amounts~~**The amount** on deposit in the Refinancing Account ~~may only be withdrawn from the Refinancing Account for the purpose of repaying the principal amount of Issuer Funding Obligations which are due and payable and interest thereon~~; and

(ii) The Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account **shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts remaining in the Refinancing Account shall be applied in accordance with Section 8.13.**

7.10 Allocation of Amounts on Deposit in the Series Accounts

~~(ii)~~ **If**, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date amounts on deposit in ~~an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Issuer Funding Obligations may only~~**any Series Account may** be withdrawn from such ~~Issuer~~**Series** Account ~~for the purpose for which such Issuer Account was established~~ and allocated ~~only~~ to ~~those~~ Specified Creditors ~~for whom such Issuer Account was established~~**in accordance with the terms of the Related Funding Obligations Agreement**.

7.11 ~~7.06~~ Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.12 ~~7.07~~ Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES[4]

8.01 Events of Default

[NTD: to be determined if certain events of default should be triggered on a series by series basis.]

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of ~~65~~**[5]** days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~90~~**60** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the ~~90~~**60**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of ~~90~~**60** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of

[4] ~~Subject to ongoing discussions.~~

Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the ~~90~~**60**-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within ~~90~~**10** days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

[NTD: to be determined if acceleration should be determined on a series by series basis.]

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will

automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be

deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part

thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any **Class,** Series~~, Class~~ or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such **Class,** Series~~, Class~~ or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or

other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to ~~(A)~~ the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; ~~and then~~

(b) **Second,** to ~~(B)~~ the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[~~53~~] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(c) ~~(b) [Second~~**Third**, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(d) ~~(c) Third~~**Fourth**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;]~~64~~

(e) ~~(d) Fourth~~**Fifth**, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(f) ~~(e) Fifth~~**Sixth**, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

~~(f) Sixth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;~~

(g) Seventh, to the ~~payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a)~~**Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing**;

[~~53~~] To be confirmed.

~~64~~ Subject to ongoing discussion.

(h) Eighth~~, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;(i)~~ ~~Ninth~~, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(i) ~~(j) Tenth~~**Ninth**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) ~~(k) Eleventh~~**Tenth**, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(k) ~~(l) Twelfth~~**Eleventh**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(l) ~~(m) Thirteenth~~**Twelfth**, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party; ~~and~~

(m) **Thirteenth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;**

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in ~~an Issuer~~**a Series** Account established solely for the benefit of one or more Series~~, Classes or Tranches~~ of Issuer Funding Obligations ~~(which, for greater certainty, shall not include the Refinancing Account)~~ shall first be used to satisfy all obligations owing to those Specified Creditors for whom such ~~Issuer~~**Series** Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the

Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as ~~[Indenture Trustee]~~**BNY Trust Company of Canada** is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To

facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or

a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such

application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any **relevant** jurisdiction ~~in which any part of the Issuer's property may at the time be located~~, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as

effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any **Class,** Series~~, Class~~ or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such **Class,** Series~~, Class~~ or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable **Classes,** Series~~, Classes~~ and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any

applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any **Class,** Series~~, Class~~ or Tranche, of all ~~Series of~~ Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular **Class,** Series~~, Class~~ or Tranche, of all ~~Series of~~ Issuer Funding Obligations**, [of Controlling Class Obligations of a Series]** or of all Controlling Class Obligations **(each of such groups of Debtholders being a "Debtholder Group")**, as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, convene a meeting of the Debtholders of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the ~~Series, Class or Tranche~~**applicable Debtholder Group** to which such meeting relates~~, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~ and to the Issuer, unless the meeting has been

called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of ~~the Debtholders of a Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**a Debtholders Group**, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the ~~Series, Class or Tranche, of all Series of~~ Issuer Funding Obligations ~~or of all Controlling Class Obligations, as the case may be,~~**of the applicable Debtholder Group** entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the

Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of ~~that Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**the applicable Debtholder Group**. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such **Class,** Series~~, Class~~ or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the **Class,** Series~~, Class~~ or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such **Class,** Series~~, Class~~ or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such **Class,** Series~~, Class~~ or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the **Class,** Series~~, Class~~ or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized

by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of ~~all~~**the** Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all ~~Series~~**Classes** of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable

bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest ~~(other than Permitted Liens)~~.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations~~**Debtholder Group** which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations,~~**Debtholder Group** in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** will be binding upon all of the Debtholders of such ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that **Class,** Series~~, Class~~ or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that **Class,** Series~~, Class~~ or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series~~, Class~~ or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any **Class,** Series~~, Class~~ or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional ~~or alternative~~ forms of Credit Enhancement for any **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such

amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such

amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the ~~Adjusted~~ Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any **Class,** Series~~, Class~~ or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such **Class,** Series **or Tranche** with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section

9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular **Class,** Series~~, Class~~ or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program

Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the ~~Refinancing~~**redemption, repayment or repurchase** of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer

will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more **Classes,** Series~~, Classes~~ or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any **Class,** Series~~, Class~~ or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the ~~[■]~~[7] **Indenture Trustee**, as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

[7] ~~OPG to confirm.~~

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) ~~[~~prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;~~]~~[8]

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others

[8] ~~To discuss financial statement requirements.~~

that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited ~~[consolidated~~ financial statements of the Issuer~~]~~ for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, ~~[~~unaudited ~~consolidated~~ financial statements of the Issuer~~]~~ for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.[9]

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year **and that no Event of Default has occurred (without regard to any grace period or requirement of notice)**, or, if there has been a material default in the fulfillment of any such condition or covenant **or an Event of Default has occurred** (without regard to any grace

[9] ~~To discuss financial statement requirements.~~

period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such **Classes,** Series~~, Classes~~ or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each

applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any **Class,** Series~~, Class~~ or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to

provide to any Noteholder of such **Class,** Series~~, Class~~ or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

~~[Issuer]~~**Fair Hydro Trust**
c/o Ontario Power Generation Inc.
~~100~~**700** University Avenue~~, 11th Floor~~
Toronto, Ontario M5~~J 2Y~~**G** 1**X6**

Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

~~[Issuer Trustee]~~**Computershare Trust Company of Canada**, in its capacity as Issuer Trustee for ~~[Issuer]~~
~~[Address]~~

Fair Hydro Trust
100 **University Avenue**, 11th Floor
Toronto, Ontario M5J 2Y**1**

Attention: [■]
Fax: (416) [■]
Email: [■]

~~[■]~~

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

~~**[Indenture Trustee]**~~
~~**[Address]**~~
Attention: ~~[■]~~**Corporate Trust Services**
Fax: ~~[■]~~**(416) 360-1711**

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile

or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any **Class,** Series~~, Class~~ or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series~~, Class~~ or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series~~, Class~~ or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 ~~16.02~~ U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.04 ~~16.03~~ Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 ~~16.04~~ Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any **Class,** Series~~, Class~~ or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such **Class,** Series~~, Class~~ or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such **Class,** Series~~, Class~~ or Tranche specifying (i) the date upon which final payment of such **Class,** Series~~, Class~~ or Tranche will be made upon presentation and surrender of Notes of such **Class,** Series~~, Class~~ or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any **Class,** Series~~, Class~~ or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any ~~Issuer~~**Series** Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any ~~Issuer~~**Series** Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 ~~16.05~~ Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by,

directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 ~~16.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

~~[ISSUER]~~**COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, as Indenture Trustee and not in its individual capacity

By:

Name:
Title:

Schedule A
DEFINED TERMS

"**Act**" means *Ontario Fair Hydro* ***Plan*** *Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

~~"**Adjusted Outstanding Dollar Principal Amount**" means, at any time with respect to any Series, Class or Tranche of Notes, the Outstanding Dollar Principal Amount of all Outstanding Notes of such Series, Class or Tranche at such time, less any funds on deposit in any Issuer Account or the related Sub-Account, as applicable, for the benefit of such Series, Class or Tranche at such time.~~

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default~~, (b~~ **or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c**) materially adversely affect the amount or timing of payments to be made to the Specified Creditors **(other than Debtholders and Derivative Counterparties)** pursuant to this Indenture or any Program Agreement, or (~~c~~**d**) adversely affect the Security Interest ~~unless otherwise permitted by this~~**and the rights and remedies of the** Indenture~~.~~ **Trustee in respect thereof.**

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any **Class,** Series~~, Class~~ or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in ~~the Collection Account, any Finance Reserve Account and any Capital Reserve~~**any Issuer** Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; ~~and~~ (b) the IESO Carrying Cost Payments**; and (c) amounts received by the Issuer pursuant to Derivative Agreements**.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means ~~(a)~~ any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed~~, or (b) for purposes of any particular Series, Class or Tranche of Notes, any other day specified in the applicable Supplemental Indenture~~.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes ~~of any Tranche~~ issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

~~"**Capital Reserve Account**" has the meaning specified in subsection 7.02(c).~~

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" ~~means, with respect to any Issuer Funding Obligation, the class specified in the Related Funding Obligation Agreement~~ **or "Class of Issuer Funding Obligations" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations [and the Derivative Funding Obligations], each of which shall be a class of Issuer Funding Obligations.**

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at ~~[■]; Telephone: [■]; Facsimile: [■],~~**One York Street, 6th Floor, Toronto, Ontario M5J 0B6,** or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"Debtholder Group" has the meaning specified in subsection 10.01(a)

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Issuer was established.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"Deferred Principal Accumulation Amount" means, on any Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by

S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any **Class,** Series~~, Class~~ or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"Fair Hydro Regulations" means the regulations made under the Act including Ontario regulations 206/17 and 195/17

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Indenture.

~~"**Finance Reserve Account**" has the meaning specified in subsection 7.02(d).~~

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Funding ~~Obligations~~Obligation**" has the meaning ascribed to the term "funding ~~obligations~~**obligation**" in the Act as of the date of this Indenture.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a ~~Class~~**Series** or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a **Class,** Series~~, Class~~ or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche plus the aggregate initial principal amount of any additional Notes of such **Class,** Series~~, Class~~ or Tranche, and (b) with respect to a **Class,** Series~~, Class~~ or Tranche of Discount Notes~~ or~~ that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"Interest Accrual Amount (Junior Subordinated)" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(xiii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a).

"Interest Accrual Amount (Senior)" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(iii)(A).

"Interest Accrual Amount (Subordinated)" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(viii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b).

"Interest Accumulation Account" has the meaning specified in subsection 7.02(b).

"Interest Payment Date" means each Business Day which is an "Interest Payment Date" in respect of any Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the ~~Collection Account, the Refinancing Account, all Finance Reserve Accounts, all Capital Reserve~~**Program Accounts and the Series** Accounts and ~~all Supplemental Reserve Accounts,~~ including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series~~, Class~~ or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any **Class,** Series~~, Class~~ or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to

any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust **or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust**).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be

references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, **Senior** Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only **Senior** Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. **Senior** Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any ~~Class or Tranche of~~ Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such ~~Class~~**Series** or Tranche at such time, less the amount of any ~~withdrawals from any Issuer Account or Sub-Account for such Class or Tranche of Notes for payment~~**payments** of principal to the holders of such ~~Class or Tranche~~**Series** of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such ~~Class or Tranche~~**Series** of Notes due to the issuance of additional Notes of such ~~Class or Tranche pursuant to Article V~~**Series**.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any **Class,** Series~~, Class~~ or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche at such time, less the amount of any ~~withdrawals from any Issuer Account or Sub-Account for such Series, Class or Tranche of Notes for payment~~**payments** of principal to the holders of such **Class,** Series~~, Class~~ or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series~~, Class~~ or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series~~, Class~~ or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series~~, Class~~ or Tranche or the applicable Derivative Counterparty~~ and accretions of principal~~, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such **Class,** Series~~, Class~~ or Tranche of Notes due to the issuance of additional Notes of such **Class,** Series~~, Class~~ or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means~~, with respect to any Series of Issuer Funding Obligations,~~ the 15th day of each calendar month~~ or the date otherwise specified in the Related Funding Obligation Agreement~~.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;~~ and~~

(c) the Security Interest**; and**

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, **unlimited liability company,** estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any **Class,** Series~~, Class~~ or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such **Class,** Series~~, Class~~ or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"Principal Accumulation Account" has the meaning specified in subsection 7.02(c).

"Principal Accumulation Amount" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Funding Obligation Agreement in respect of such Series plus any amounts specified in the Funding Obligation Agreement in respect of such Series in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; *provided* that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"Principal Accumulation Amount (Junior Subordinated)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"Principal Accumulation Amount (Senior)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations for such Payment Date.

"Principal Accumulation Amount (Subordinated)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"Principal Accumulation Date" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"Principal Payment Date" means each Business Day which is a "Principal Payment Date" under a Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"Program Account" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account and the Refinancing Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"Program Cash Reserve Account" has the meaning specified in subsection 7.02(g).

"Program Cash Reserve Balance" means, at any time, the amount on deposit in the Program Cash Reserve Account.

"Program Cash Reserve Required Amount (Junior Subordinated)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Senior)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Subordinated)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Total)" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).

"Program Cash Reserve Required Deposit Amount (Junior Subordinated)" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.

"Program Cash Reserve Required Deposit Amount (Senior)" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.

"Program Cash Reserve Required Deposit Amount (Subordinated)" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding **Class,** Series~~, Class~~ or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series~~, Class~~ or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any

specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any Outstanding Notes immediately before the taking of such action, **[or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action]**, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"Refinancing Notice" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a ~~Class~~**Series** or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"Required Principal Accumulation Amount (Senior)" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"Required Principal Accumulation Amount (Subordinated)" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any ~~authorized~~ director or officer of the Manager; (b) the Servicer, any ~~authorized~~ director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"Senior Principal Shortfall" has the meaning specified in subsection 7.07(b).

"**Senior Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any **Class of** Issuer Funding Obligation, the Series **of the Class** specified in the Related Funding Obligation Agreement.

"Series Account" means each Series Finance Reserve Account and each Series Capital Account.

"Series Finance Reserve Account" has the meaning specified in subsection 7.02(g).

"Series Capital Account" has the meaning specified in subsection 7.02(f).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"Subordinated/Senior Principal Shortfall" has the meaning specified in subsection 7.07(a).

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any ~~Classes and~~ Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

~~"**Supplemental Reserve Account**" means the trust account or accounts designated as such and established pursuant to subsection 7.02(e).~~

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act ~~[~~as of the date of this Indenture.~~]~~.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" ~~has the meaning specified in the applicable~~**means all amounts payable upon early termination of any** Derivative Agreement **calculated in accordance with the terms of such Derivative Agreeement**.

"**Terms Document**" means, with respect to any ~~Class or~~ Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any ~~Class~~**Series** of Notes, Notes of such ~~Class~~**Series** which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes ~~of any Tranche~~ issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit

facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.]

Document comparison by Workshare Compare on November-08-17 8:59:29 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\#23425981v13_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture.docx
Description	#23425981v13_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Province\Master Trust Indenture (November 7th Rating Agency Draft).DOCX
Description	Master Trust Indenture (November 7th Rating Agency Draft)
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	649
Deletions	635
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	1300

Draft Date: November 7, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2
1.1 Definitions 2
1.2 Sections and Headings 7
1.3 Extended Meanings 7

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET 8
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 8
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 9

ARTICLE 3 ROLE OF THE SERVICER 11
3.1 Designation of Servicer 11
3.2 Forecasts and Other Information 11
3.3 Clean Energy Adjustments and Electricity Vendors 11
3.4 Reporting 13
3.5 Remittances 14
3.6 Limits to Obligations 14
3.7 Servicing and Maintenance Standards 15
3.8 Appointments 15
3.9 Term 16
3.10 Resignation of Servicer 16
3.11 Mergers 16
3.12 The IESO Not to Resign as Servicer 17
3.14 IESO Security for CEA Remittances 17

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO 18
4.1 Representations and Warranties 18
4.2 Survival 20

ARTICLE 5 COVENANTS OF THE IESO 20
5.1 Existence 20
5.2 No Transfer or Liens 20
5.3 Notice of Liens 20
5.4 Compliance with Law 21
5.5 Covenants Related to the Investment Interest 21
5.6 Non-petition Covenants 21
5.7 Disclosure 21
5.8 Further Assurances 22
5.9 Access to Certain Records and Information 22
5.10 Maintenance of Operations 22
5.11 Acknowledgement of Indenture ..... **Error! Bookmark not defined.**

ARTICLE 6 IESO INDEMNITIES 22
6.1 Liability of the IESO; Indemnities 22

TABLE OF CONTENTS
(continued)

Page

ARTICLE 7 SERVICER DEFAULT 24
7.1 Servicer Default 24
7.2 Appointment of Successor Servicer 25
7.3 Waiver of Past Defaults 26
7.4 Notice of Servicer Default 26
7.5 Cooperation with Successor Servicer 26
ARTICLE 8 MISCELLANEOUS 26
8.1 Amendment 26
8.2 Withholding Rights 27
8.3 No Partnership 27
8.4 Notices 27
8.5 Assignment 28
8.6 Limitations on Rights of Third Parties 28
8.7 Severability 28
8.8 Separate Counterparts; Electronic Delivery 28
8.9 Governing Law 28
8.10 Grant of Security Interest to Indenture Trustee 28
8.11 Limitation of Liability of the Issuer Trustee 29
8.12 Waivers 30

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

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

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

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

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

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

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

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

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

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.9;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a

binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by bank wire transfer or bank electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO

officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in this Agreement or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a); and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, that is in the possession or control of the Transferor or which is available on request to the Transferor, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments:

(i) provide guidance to the Electricity Vendors with respect to their obligations under the Act to establish a segregated account into which

Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) provide a suggested form of Electricity Vendor Billing Period Report to be used by such Electricity Vendors;

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to such forms and guidance.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and

the amount received pursuant to Section 3.3(d), and such other discrepancies as may be agreed by the parties hereto, acting reasonably;

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report, or

(iv) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) Report monthly to the Issuer any failure on the part of Electricity Vendors to deliver, remit or certify referred to in (j)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the explanation provided therefor by the Electricity Vendor.

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.6.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO;

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to

the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.7 Servicing and Maintenance Standards

Subject to Section 3.6, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.8 Appointments

The Servicer may at any time appoint any Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.10.

3.9 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.10 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the

other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer on a monthly basis.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors

which are either not rated or are rated less than investment grade to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.6, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or

any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda,

prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount

paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.10 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the

Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors

against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in

their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

[**NTD: form to be settled]**

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **2**
1.1 Definitions 2
1.2 Sections and Headings 7
1.3 Extended Meanings 7

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET **8**
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 8
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 9

ARTICLE 3 ROLE OF THE SERVICER **11**
3.1 Designation of Servicer 11
3.2 ~~Forecast of Electricity Consumption~~ ~~11~~**Forecasts and Other Information** **11**
3.3 Clean Energy Adjustments and Electricity Vendors 11
3.4 Reporting 13
3.5 Remittances 14
3.6 Limits to Obligations 14
3.7 Servicing and Maintenance Standards 15
3.8 Appointments 15
3.9 Term ~~15~~**16**
3.10 Resignation of Servicer 16
3.11 Mergers 16
3.12 The IESO Not to Resign as Servicer 17
3.14 IESO Security for CEA Remittances ~~17~~**18**

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO **18**
4.1 Representations and Warranties 18
4.2 Survival 20

ARTICLE 5 COVENANTS OF THE IESO **20**
5.1 Existence 20
5.2 No Transfer or Liens 20
5.3 Notice of Liens ~~20~~**21**
5.4 Compliance with Law ~~20~~**21**
5.5 Covenants Related to the Investment Interest ~~20~~**21**
5.6 Non-petition Covenants 21
5.7 Disclosure ~~21~~**22**
5.8 Further Assurances ~~21~~**22**
5.9 Access to Certain Records and Information ~~21~~**22**
5.10 Maintenance of Operations 22
5.11 Acknowledgement of Indenture **22**

ARTICLE 6 IESO INDEMNITIES **22**

TABLE OF CONTENTS
(continued)

Page

6.1 Liability of the IESO; Indemnities 22

ARTICLE 7 SERVICER DEFAULT ..... ~~23~~24
7.1 Servicer Default ..... ~~23~~24
7.2 Appointment of Successor Servicer ..... ~~25~~26
7.3 Waiver of Past Defaults ..... ~~25~~26
7.4 Notice of Servicer Default ..... ~~26~~27
7.5 Cooperation with Successor Servicer ..... ~~26~~27

ARTICLE 8 MISCELLANEOUS ..... ~~26~~27
8.1 Amendment ..... ~~26~~27
8.2 Withholding Rights ..... ~~26~~27
8.3 No Partnership ..... ~~26~~27
8.4 Notices ..... ~~26~~28
8.5 Assignment ..... ~~27~~28
8.6 Limitations on Rights of Third Parties ..... ~~27~~28
8.7 Severability ..... ~~28~~29
8.8 Separate Counterparts; Electronic Delivery ..... ~~28~~29
8.9 Governing Law ..... ~~28~~29
8.10 Grant of Security Interest to Indenture Trustee ..... ~~28~~29
8.11 Limitation of Liability of the Issuer Trustee ..... ~~28~~29
8.12 Waivers ..... ~~29~~30

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

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

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

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

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to **by the applicable Electricity Vendor**;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

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

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

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

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

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"Prescribed Period" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.9;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings[1]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration

[1] ~~Torys to conform boilerplate provisions, as applicable, across all transaction documents.~~

means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by bank wire transfer or bank electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same

force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) **immediately** after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in this Agreement or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2 (a); and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, **that is in the possession or control of the Transferor or** which is ~~reasonably~~ available **on request** to the Transferor, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments:

(i) provide guidance to the Electricity Vendors with respect to their obligations under the Act to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) provide a suggested form of Electricity Vendor Billing Period Report to be used by such Electricity Vendors;

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to such forms and guidance.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.3(d)**, and such other discrepancies as may be agreed by the parties hereto, acting reasonably**;

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report, or

(iv) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the

benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) Report monthly to the Issuer any failure on the part of Electricity Vendors to deliver, remit or certify referred to in (j)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the explanation provided therefor by the Electricity Vendor.

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ~~[five]~~**ten** Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ~~[five]~~**ten** Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received ~~during a Billing Period~~**on or subsequent to a Remittance Date** shall be remitted by the Servicer to the Collection Account no later than the ~~Remittance Date~~ immediately following ~~such Billing Period~~**Remittance Date**.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.6.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO;

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the

taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.7 Servicing and Maintenance Standards

Subject to Section 3.6, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.8 Appointments

The Servicer may at any time appoint any Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.10.

3.9 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.10 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has

assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) ~~During the period~~**The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the** prescribed

~~by~~**period set out in the** Regulations (the "**Prescribed Period**")~~, the IESO shall, as required~~ **and agrees to comply with its obligations** under the Regulations~~,~~ **to** pay and remit **the Carrying Costs** to the Issuer on a monthly basis~~ the Carrying Costs~~.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly ~~Carry~~**Carrying** Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO**, and such entry shall be deemed to be a certification of the accuracy of the amount entered**.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors~~,~~ **which are either not rated or are rated less than investment grade** to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.6, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate

power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under~~,~~ **this Agreement** or the Act or the validity or enforceability of~~,~~ this Agreement ~~or the Act~~.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under~~,~~ **this Agreement or the Act** or the validity or enforceability of~~,~~ this Agreement ~~or the Act~~.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest**, except for any Lien granted by the Issuer to the IESO**.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for ~~passive~~ investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

~~**5.11 Acknowledgement of Indenture**~~

~~The IESO acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture.~~

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer~~, the Manager~~ and each of ~~their respective~~**its** trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed

counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.10 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

~~**[Note to Draft: The Indenture Trustee has been removed as a party to this Agreement on the understanding that a separate acknowledgement and indemnity will be entered into between the IESO and the Indenture Trustee in which the IESO acknowledges the Indenture Trustee's right to enforce this Agreement, and in which the IESO provides an similar indemnity to that above in favour of the Indenture Trustee on behalf of the Specified Creditors.]**~~

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three~~] [NTD: Rating Agencies will expect 2-3 days~~]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment

Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and

liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition**, such satisfaction to be confirmed by the Issuer at the time of such amendment**. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports

and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units

of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Subject to continuing review by the Dealers and their counsel.]

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.4(a) of the Master Transfer and Servicing Agreement the Servicer hereby certifies in the date hereof and in respect of the period subsequent to the preceding Remittance Date, as follows:

	Item	Amount
(A)	CEA Consumer Invoice Amounts:	$■
(B)	Servicer CEA Receipts:	$■
	Comprised of:	
	Electricity Vendor CEA Collections:	$■
	IESO direct CEA collections:	$■
(C)	Actual Monthly Consumption of Specified Consumers:	■
(D)	Balance of IESO Segregated Account:	$■

~~LDC Name~~	~~Billed Amount~~	~~Remitted Amount~~	~~Difference~~
~~LDC 1~~	~~$xx~~	~~$yy~~	
~~LDC 2~~			
~~LDC 70~~			

~~Shortfall $~~

~~Delinquency Amount $~~

[**NTD:** ~~**Any additional information considered necessary for OPG/IESO to be included.**~~**form to be settled**]

~~DATED this ■ day of ■, 20■.~~

~~**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**~~
~~**as Servicer**~~

~~By:~~ _____
~~Name:~~
~~Title:~~

~~By:~~ _____
~~Name:~~
~~Title:~~

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on November-08-17 9:02:13 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Master_Transfer_and_Servicing_Agreement (Osler_Torys comments on IESO_SE....docx
Description	Master_Transfer_and_Servicing_Agreement (Osler_Torys comments on IESO_SE...
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Province\MTSA (November 7th Rating Agency Draft).DOCX
Description	MTSA (November 7th Rating Agency Draft)
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	79
Deletions	139
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	222

Draft Date: November 7, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) **"Electricity Vendor"** shall mean a licensed distributor and a licensed retailer, each as defined in the Ontario Fair Hydro Act.

(f) "**Money**" shall have the meaning attributed to such term in the PPSA;

(g) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(h) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(i) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(j) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(k) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto;

(l) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court,

this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and

warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and,

upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor,

sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and

privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
[Address]

Attention: ■
Email: ■
Facsimile: ■

In the case of the Secured Party:

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■
Facsimile: ■

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of the Grantor, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. **Grantor's exact legal name: Independent Electricity System Operator**

   ■ [French]

2. **Grantor's jurisdiction of incorporation: Ontario**

3. **Grantor's registered office address: ■**

4. **Location of Grantor's business operations and records: ■**

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

●
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Senior Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchasers 3
3.2 Delivery 4
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount 4
3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination 8
3.5 Increases and Reductions of the Commitments 8
3.6 Interest; Fees and Other Amounts 9
3.7 Repayment of Principal 9
3.8 Indemnification by the Issuer 10
3.9 Funding Agents 10
3.10 Taxes 11
3.11 Increased Costs 12

ARTICLE 4 CONDITIONS PRECEDENT 13
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes 13
4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes 15

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 16
5.1 Representations and Warranties of the Issuer 16
5.2 Representations and Warranties of the Purchasers 16
5.3 Survival 16

ARTICLE 6 COVENANTS 17
6.1 Covenants of the Issuer 17

ARTICLE 7 AGENTS 17
7.1 Administrative Agent 17
7.2 Funding Agents 20

ARTICLE 8 GENERAL 22
8.1 Successor and Assigns 22
8.2 Waiver 25
8.3 Notice 25

TABLE OF CONTENTS
(continued)

Page

8.4 No Waiver: Remedies 25
8.5 Entire Agreement 25
8.6 Governing Law and Attornment 26
8.7 Acknowledgment of Trust Indenture and No Proceedings 26
8.8 Expenses 26
8.9 Further Assurances 26
8.10 Confidentiality 27
8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions 28
8.12 Limitation of Liability of Issuer Trustee 28
8.13 Execution in Counterparts 29
8.14 Delivery of Executed Copies 29

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust

Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Classes or Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;

(k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(l) will have each Payment Date as an Interest Payment Date;

(m) will have a Principal Payment Due Date that is the Series 2017-1 Principal Payment Due Date;

(n) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default Date; and

(o) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to [**December 15, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with

a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3:00 p.m.]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $**[1,000,000]** or more, or (B) if less than $[1,000,000], the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase

Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date. [**NTD: the definition of "Non-Deferrable Draw Amount"**

includes a percentage (currently [10]%) that represents the amount that cannot be deferred by the dealers. OPG should make a proposal as to this percentage.]

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) in the following order of priority:

(i) As to an amount equal to ●% of the amounts paid to pursuant to Sections 3.3(d) and 3.3(f), by deposit to the Program Cash Reserve Account; and

(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $**[10,000,000]** or a whole multiple of $**[1,000,000]** in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be

subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.08(a)(i) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Notes pursuant to Sections 7.04(e)(iii) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Notes:

(i) for each Payment Date before the Principal Accumulation Date, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; and

(ii) for each Payment Date on or after the Principal Accumulation Date, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount

for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Notes. On each Principal Payment Date in respect of the Series 2017-1 Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections **7.04(e)(iv)(A), 7.06(a) or 8.13(d)** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer indemnified person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04] or [8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding

Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Person's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Person of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Person or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Person, or credit extended by an Affected Person pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Person of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Person's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Person under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) of a written request therefore to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii)

relating to any period ending, and of which such Affected Party has had knowledge, more than one year prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter, this Supplemental Indenture, the Manager Indemnity and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;

(v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administration Agent and the Funding Agents;

(viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(ix) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(d) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full [**(or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made)**]. [**NTD**: to be discussed]

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed; and

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than [49]% of the aggregate outstanding principal amount of all Issuer Funding Obligations.

(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

ARTICLE 7
AGENTS

7.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other

powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent

has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

7.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to

ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 8.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all

distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a

multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Asset.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent, the Issuer or the Administrator; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or an Group Bank

from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

8.2 Waiver

Without limiting the requirements of Section **[11.02]** of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article **[15]** of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

- ●

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter

hereof except as specifically set forth in this Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.06]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the

existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

8.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that ● Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for

the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.13 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.14 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Trust Indenture as of the date first above written.

[FAIR HYDRO TRUST], as Issuer

ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

● **TRUST COMPANY OF CANADA**, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

●,

By: _____
Name:
Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means the outstanding Dollar Principal Amount of all Funding Obligations of the Series 2017-1 Senior Notes have been declared or automatically become due and payable pursuant to Section **[8.02]** of the Trust Indenture.

"**Administrative Agent**" shall have the meaning specified in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (c) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

"**Billing Period**" has the meaning specified in the Master Transfer and Servicing Agreement;

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000

definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Code**" is defined in Section 3.10(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed

Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having short-term debt ratings of at least "A-1" from Standard & Poor's and "P-1" from Moody's.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" shall have the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Fee Letter**" means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 8.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

"**Issuer indemnified person**" is defined in Section 3.8.

"**Issuer indemnified person**" is defined in Section 3.8

"**Manager Indemnity**" means an indemnity agreement from the Manager in favour of the Purchaser Groups, the Funding Agents and the Administrative Agent with respect to losses resulting from the failure of the Issuer to perform its obligations under the Program Agreements other than losses resulting from insufficient funds being transferred to the Issuer, in form and substance satisfactory to the Purchaser Groups, the Funding Agents and the Administrative Agent.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 8.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) **[10]**% of the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date. [**NTD: The percentage in (a)(x) above is intended to represent the non-deferrable amount.]**

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its "prime rate."

"**Principal Accumulation Amount**" means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) $●, and (y) the Series 2017-1 Principal Amount.

"**Principal Accumulation Date**" means the Payment Date occurring in the month of ●, [2021].

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 8.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the

reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ●, as such date may be extended in accordance with Section 3.5(c). [**NTD: two years out.]**

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Principal Payment Due Date**" means ●. [**NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?**]

"**Series 2017-1 Principal Payment Default Date**" means ●. [**NTD: the "cure period" number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]**

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(c).

"**Transferee**" is defined in Section 8.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

●

From:	John Kim
To:	Tobias P. Whitfield (MOF)
Cc:	Malle Hanslep (MOF)
Subject:	FW: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture
Date:	Monday, November 20, 2017 9:59:29 AM
Attachments:	Master Trust Indenture (November 7th Rating Agency Draft).DOCX Blackline - MTI.pdf MTSA (November 7th Rating Agency Draft).DOCX Blackline - MTSA.pdf IESO Security Agreement (November 7th Rating Agency Draft).DOCX Warehouse Supplement - Nov 6, 2017 (Osler).docx

Hi Toby,

This is the email I was referring to. I'm trying the policy channel as well but it would be helpful if your counterpart at Energy could confirm that Energy is onside with the discussion around IESO Security Agreement.

I also have the latest version I received from my contact at IESO, if needed.

Thanks,

John.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, November 08, 2017 9:52 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Mark Donaldson (MOF) <Mark.Donaldson@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: FW: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture

Hi,

Here are updated versions of these documents.

We haven't heard anything on the protection agreement and process agreement.

Thanks,

Malle

From: Saulnier, Brett [mailto:bsaulnier@torys.com]
Sent: November 8, 2017 9:42 AM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); McKinlay, Tom (MAG); STEPHEN.ASHBOURNE@blakes.com
Cc: 'leslie.wong@opg.com'; dup-john.s.lee@opg.com; 'ken.ryfa@opg.com'; Feldman, Michael;

Ramchandani, Rima; Mansoori, Nina; Olusoga, Yinka
Subject: RE: Fair Hydro -- Master Trust Indenture and Warehouse Supplemental Indenture

Hi all,

Please find attached the latest drafts of the master trust indenture, master transfer and servicing agreement, IESO security agreement and warehouse supplemental indenture. These drafts remain subject to continuing review by OPG and the dealers.

Please let me know if you would like any blacklines in addition to the attached.

Thanks,
Brett

Brett Saulnier

P. 416.865.8148 | F. 416.865.7380 | 1.800.505.8679
79 Wellington St. W., 30th Floor, Box 270, TD South Tower
Toronto, Ontario M5K 1N2 Canada | www.torys.com[torys.com]

TORYS LLP[torys.com]

This email and any attachments are for the sole use of the intended recipients and may be privileged or confidential. Any distribution, printing or other use by anyone else is prohibited. If you are not an intended recipient, please contact the sender immediately, and permanently delete this email and attachments.

Le présent courriel et les documents qui y sont joints sont exclusivement réservés à l'utilisation des destinataires concernés et peuvent être de nature privilégiée ou confidentielle. Toute distribution, impression ou autre utilisation est interdite aux autres personnes. Si vous ne faites pas partie des destinataires concernés, veuillez en informer immédiatement l'expéditeur, ainsi que supprimer ce courriel et les documents joints de manière permanente.

Draft Date: November 7, 2017

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Other Specified Creditors 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc 10
2.03 Use of Collateral 11
2.04 Suits To Protect the Collateral 11
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 12
2.09 Release of all Collateral 13
2.10 Certain Commercial Law Representations and Warranties 14

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 15
3.03 Form of Indenture Trustee's Certificate of Authentication 15
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 18
3.06 Beneficial Ownership of Global Notes 20

TABLE OF CONTENTS
(continued)

Page

3.07 Notices to Depository 20
3.08 CUSIP Numbers 20

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes 21
4.02 Denominations 23
4.03 Execution, Authentication and Delivery and Dating 23
4.04 Temporary Notes 24
4.05 Registration, Transfer and Exchange 24
4.06 Mutilated, Destroyed, Lost and Stolen Notes 28
4.07 Persons Entitled to Payment 29
4.08 Cancellation 30
4.09 Protection of Notes 30
4.10 New Issuances of Notes 30
4.11 Redemption 31

ARTICLE V CONDITIONS PRECEDENT 31

5.01 Conditions Precedent for Incurrence of Indebtedness 31
5.02 No Consent 33
5.03 Conditions Precedent for the Incurrence of other Obligations Secured 33
5.04 Acknowledgements 33

ARTICLE VI SUBORDINATION 34

6.01 Subordination 34
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations 34
6.03 Rights of Specified Creditors Preserved 34
6.04 Renewal or Extension of Senior Funding Obligations 35

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 35

7.01 Available Collections 35
7.02 Issuer Accounts 36
7.03 Investment of Funds in the Issuer Accounts 39
7.04 Allocation of Amounts on Deposit in the Collection Account 40
7.05 Allocation of Amounts on Deposit in Interest Accumulation Account 43
7.06 Allocation of Amounts on Deposit in Principal Accumulation Account 44
7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account 45
7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 45
7.09 Refinancing 47

TABLE OF CONTENTS
(continued)

Page

7.10 Allocation of Amounts on Deposit in the Series Accounts 48
7.11 Payments to be Held in Trust 48
7.12 Application of Trust Money 48

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 48

8.01 Events of Default 48
8.02 Acceleration of Maturity; Rescission and Annulment 50
8.03 Waiver of Past Defaults 51
8.04 Notice of Defaults 51
8.05 Remedies Generally 52
8.06 Default Interest and Expenses 52
8.07 Indenture Trustee May File Proofs of Claim 53
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 54
8.09 Indenture Trustee May Elect to Hold the Collateral 54
8.10 Termination by Indenture Trustee of Manager and Servicer 54
8.11 Control by Debtholders 54
8.12 Limitation on Suits 55
8.13 Application of Money Following an Event of Default 55
8.14 Limited Recourse 57
8.15 Restoration of Rights and Remedies 57
8.16 Rights and Remedies Cumulative 58
8.17 Delay or Omission Not Waiver 58
8.18 Waiver of Stay or Extension Laws 58
8.19 Indenture Trustee Appointed Attorney 58
8.20 Disclaimer of Marshalling 59

ARTICLE IX THE INDENTURE TRUSTEE 59

9.01 Certain Duties and Responsibilities 59
9.02 Certain Rights of Indenture Trustee 60
9.03 Not Responsible for Recitals or Issuer Funding Obligations 62
9.04 May Hold Notes 62
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 62
9.06 Corporate Indenture Trustee Required; Eligibility 63
9.07 Resignation and Removal; Appointment of Successor 63
9.08 Acceptance of Appointment by Successor 65
9.09 Merger, Conversion, Consolidation or Succession to Business 66
9.10 Trust Indenture Legislation 66
9.11 Representations and Covenants of the Indenture Trustee 66
9.12 Indenture Trustee's Application for Instructions from the Issuer 67
9.13 Appointment of Co-Trustee or Separate Indenture Trustee 67
9.14 Preservation of Information; Communications to Debtholders 68
9.15 Acceptance of Trusts by Indenture Trustee 70

TABLE OF CONTENTS
(continued)

Page

9.16 Paying Agent 70

ARTICLE X MEETINGS 71

10.01 Conduct of Meetings 71
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 73
10.03 Extraordinary Resolution 75
10.04 Declaration by Chairman of Result of Vote 76
10.05 Minutes 76
10.06 Signed Instruments 76
10.07 Persons Who May Attend 76
10.08 Binding Effect of Resolutions 77
10.09 Notes Regarded as Not Outstanding for Certain Purposes 77

ARTICLE XI SUPPLEMENTAL INDENTURES 77

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 77
11.02 Supplemental Indentures and Amendments with Consent of Debtholders 79
11.03 Execution of Amendments and Supplemental Indentures 80
11.04 Effect of Amendments and Supplemental Indentures 80
11.05 Reference in Notes to Supplemental Indentures 81

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 81

12.01 Representations and Warranties of the Issuer 81

ARTICLE XIII COVENANTS OF THE ISSUER 83

13.01 Payment of Principal and Interest 83
13.02 Use of Proceeds 83
13.03 Maintenance of Office or Agency 83
13.04 Legal Existence 84
13.05 Separateness Covenants 84
13.06 Compliance with Laws 85
13.07 Performance of Obligations 85
13.08 Funding Obligations 85
13.09 Financial Statements 85
13.10 Statement as to Compliance 86
13.11 Payment Instruction 86
13.12 Notice of Events of Default 86
13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 86
13.14 Other Positive Covenants 87
13.15 Rule 144A Information 88
13.16 Further Instruments and Acts 88

TABLE OF CONTENTS
(continued)

Page

13.17 No Other Business 88
13.18 Amendments to Program Agreements 88
13.19 Issuer May Consolidate, Etc., Only on Certain Terms 89
13.20 Successor Substituted 90
13.21 Guarantees, Loans, Advances and Other Liabilities 90
13.22 Capital Expenditures 90
13.23 Restricted Payments 90
13.24 No Borrowing 91
13.25 Other Negative Covenants 91
13.26 Indenture Trustee May Perform Covenants 91

ARTICLE XIV MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS 92

14.01 Management Agreement 92
14.02 Credit Enhancement Agreements 92

ARTICLE XV NOTICES 92

15.01 Notice to Issuer 92
15.02 Notice to the Indenture Trustee 93
15.03 Notice to Noteholders 93
15.04 Notice to Other Specified Creditors 94
15.05 Notice to Rating Agencies 95
15.06 Change of Address 95

ARTICLE XVI MISCELLANEOUS 95

16.01 No Petition 95
16.02 Withholding Rights 95
16.03 U.S. Tax Treatment 95
16.04 Alternate Payment Provisions 96
16.05 Final Distribution 96
16.06 Force Majeure 97
16.07 Delivery of Executed Copies 97

SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF PAYMENT INSTRUCTIONS
EXHIBIT 2 — FORM OF REFINANCING NOTICE

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee[1] (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

[1] This draft does not reflect any comments from the Indenture Trustee.

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(h) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six months days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified

Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral

(including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums

so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) all Notes of that Class, Series or Tranche theretofore outstanding (other than (A) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (B) Funding Obligations of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.12 and 16.05(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the

provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee,

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the

registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche

of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of all Series advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders, the holders of Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not

prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) The Class in respect of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any Events of Default with respect to such Series or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series or Tranche);

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) **[if such Series or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;]**

(xviii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Payment Date;

(xx) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche; and

(xxi) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of

Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so)

to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of a Class of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of

Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.11 Redemption

[NTD: redemption mechanics to be included.]

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Series or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the Change of Law Protection Agreement shall be in full force and effect against the Province or has been replaced with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations pursuant to an Ordinary Resolution;

(h) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(i) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(j) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code),

then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(k) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined under, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(f) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible

Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account shall be credited to a Series Capital Reserve Account, to the extent that there is a requirement for funds in such Series Capital Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined under, the Fair Hydro Act Regulations.

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account shall be credited to a Series Finance Reserve Account, to the extent that there is a requirement for funds in such Series Finance Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such

new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined under, the Fair Hydro Act Regulations.

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections 7.05 to 7.10.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided,

however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[2] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(iii) Third, on a *pro rata* basis (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, on a *pro rata* basis (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(v) Fifth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations,

(vi) Sixth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);

(vii) Seventh, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to

[2] To be confirmed.

Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(viii) Eighth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(ix) Ninth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date,

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Subordinated);

(xiii) Thirteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement related solely to Subordinated Funding Obligations;

(xiv) Fourteenth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(xv) Fifteenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Accounts or Series Finance Reserve Accounts as required by any Related Funding Obligation Agreement related solely to Junior Subordinated Funding Obligations;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period;

(xx) Twentieth, on a *pro rata* basis (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxi) Twenty-First, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Sections 7.07 and 8.13, on each Interest Payment Date, any amount on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Interest Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (y) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (y) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation

Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full including all interest thereon any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

Subject to Section 8.13, on each Principal Payment Date, any amount on deposit in the Principal Accumulation Account and any amounts transferred pursuant to Section 7.07 will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Principal Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the succeeding Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account

(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Subordinated/Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Subordinated/Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinate Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date,

(ii) Secondly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(c) is less than the amount of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(b) On each Principal Payment Date (and if the Principal Payment Date is also an Interest Payment Date, after making the applications provided for in subsection 7.08(a) and Section 7.07), amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Senior Funding Obligations on such Principal Payment Date;

(ii) Secondly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(b) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(c) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall

be applied to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b): (i) to be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Refinancing

(a) Not less than [30] days prior the first day of the Reference Period that includes the Principal Accumulation Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) The amount on deposit in the Refinancing Account; and

(ii) The Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts remaining in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in the Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligations Agreement.

7.11 Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.12 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

[NTD: to be determined if certain events of default should be triggered on a series by series basis.]

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of [5] days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within 10 days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

[NTD: to be determined if acceleration should be determined on a series by series basis.]

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its

agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and

upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of

any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[3] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

[3] To be confirmed.

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;][4]

(e) Fifth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(f) Sixth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(g) Seventh, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(h) Eighth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(k) Eleventh, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(l) Twelfth, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(m) Thirteenth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity

[4] Subject to ongoing discussion.

amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Specified Creditors for whom such Series Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this

Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as BNY Trust Company of Canada is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after

such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any

particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such Class, Series or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable Classes, Series and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest

owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, **[of Controlling Class Obligations of a Series]** or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that Debtholder Group, convene a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting

and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the applicable Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the applicable Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of

which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be

necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of the Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own

account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective

heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture

Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations

affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in

effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in

connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee, as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer

for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Event of Default has occurred (without regard to any grace period or requirement of notice), or, if there has been a material default in the fulfillment of any such condition or covenant or an Event of Default has occurred (without regard to any grace period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such Classes, Series or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute

and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted

by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the

Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day

receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: [■]
Fax: (416) [■]
Email: [■]

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Services
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination

outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the

money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in any Issuer Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments; and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" or "**Class of Issuer Funding Obligations**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations **[and the Derivative Funding Obligations]**, each of which shall be a class of Issuer Funding Obligations.

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a)

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Issuer was established.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating

thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to

3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act including Ontario regulations 206/17 and 195/17

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with

respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(xiii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a).

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(iii)(A).

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(viii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b).

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day which is an "Interest Payment Date" in respect of any Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts and the Series Accounts and including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if

required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, Senior Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche or the applicable Derivative Counterparty, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means the 15th day of each calendar month.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Funding Obligation Agreement in respect of such Series plus any amounts specified in the Funding Obligation Agreement in respect of such Series in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; *provided* that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day which is a "Principal Payment Date" under a Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account and the Refinancing Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Program Cash Reserve Balance**" means, at any time, the amount on deposit in the Program Cash Reserve Account.

"**Program Cash Reserve Required Amount (Junior Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Senior)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Total)**" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).

"**Program Cash Reserve Required Deposit Amount (Junior Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Senior)**" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding Class, Series or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any

Outstanding Notes immediately before the taking of such action, **[or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action]**, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Principal Shortfall**" has the meaning specified in subsection 7.07(b).

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Series Capital Account**" has the meaning specified in subsection 7.02(f).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated/Senior Principal Shortfall**" has the meaning specified in subsection 7.07(a).

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging

to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreeement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.]

~~[ISSUER]~~FAIR HYDRO TRUST

as Issuer

AND

~~[INDENTURE TRUSTEE]~~

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER **1**

AGREEMENT OF THE PARTIES **1**

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION **1**

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Other Specified Creditors 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts ..... ~~7~~6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8

ARTICLE II COLLATERAL **8**

2.01 Security for Obligations Secured 8
2.02 Recording, Etc. 10
2.03 Use of Collateral 11
2.04 Suits To Protect the Collateral ..... ~~12~~11
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture ..... ~~13~~12
2.09 Release of all Collateral ..... ~~14~~13
2.10 Certain Commercial Law Representations and Warranties 14

ARTICLE III NOTE FORMS **15**

3.01 Forms Generally 15
3.02 Forms of Notes 15
3.03 Form of Indenture Trustee's Certificate of Authentication ..... ~~16~~15
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 18

TABLE OF CONTENTS
(continued)

Page

3.06 Beneficial Ownership of Global Notes 20
3.07 Notices to Depository 20
3.08 CUSIP Numbers 20

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series~~,~~ ~~Class~~ or Tranche of Notes 21
4.02 Denominations ..... ~~24~~**23**
4.03 Execution, Authentication and Delivery and Dating ..... ~~24~~**23**
4.04 Temporary Notes ..... ~~25~~**24**
4.05 Registration, Transfer and Exchange ..... ~~25~~**24**
4.06 Mutilated, Destroyed, Lost and Stolen Notes ..... ~~29~~**28**
4.07 Persons Entitled to Payment ..... ~~30~~**29**
4.08 Cancellation ..... ~~31~~**30**
4.09 Protection of Notes ..... ~~31~~**30**
4.10 New Issuances of Notes **30**
4.11 Redemption 31

ARTICLE V CONDITIONS PRECEDENT ..... ~~32~~31

5.01 Conditions Precedent for Incurrence of Indebtedness ..... ~~32~~**31**
5.02 No Consent 33
5.03 Conditions Precedent for the Incurrence of other Obligations Secured ..... ~~34~~**33**
5.04 Acknowledgements ..... ~~34~~**33**

ARTICLE VI SUBORDINATION 34

6.01 Subordination 34
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations ..... ~~35~~**34**
6.03 Rights of Specified Creditors Preserved ..... ~~35~~**34**
6.04 Renewal or Extension of Senior Funding Obligations ..... ~~36~~**35**

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS ..... ~~36~~35

7.01 Available Collections ..... ~~36~~**35**
7.02 Issuer Accounts 36
7.03 Investment of Funds in the Issuer Accounts 39
7.04 Allocation of Amounts on Deposit in the Collection Account 40
7.05 Allocation of Amounts on Deposit in ~~the Other Issuer Accounts~~**Interest Accumulation Account** 43
7.06 **Allocation of Amounts on Deposit in Principal Accumulation Account** **44**
7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account **45**

TABLE OF CONTENTS
(continued)

Page

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 45
7.09 Refinancing 47
7.10 Allocation of Amounts on Deposit in the Series Accounts 48
7.11 Payments to be Held in Trust 4448
7.07 7.12 Application of Trust Money 4448

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 4448

8.01 Events of Default 4448
8.02 Acceleration of Maturity; Rescission and Annulment 4550
8.03 Waiver of Past Defaults 4751
8.04 Notice of Defaults 4751
8.05 Remedies Generally 4852
8.06 Default Interest and Expenses 4852
8.07 Indenture Trustee May File Proofs of Claim 4953
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 4954
8.09 Indenture Trustee May Elect to Hold the Collateral 5054
8.10 Termination by Indenture Trustee of Manager and Servicer 5054
8.11 Control by Debtholders 5054
8.12 Limitation on Suits 5055
8.13 Application of Money Following an Event of Default 5155
8.14 Limited Recourse 5357
8.15 Restoration of Rights and Remedies 5357
8.16 Rights and Remedies Cumulative 5358
8.17 Delay or Omission Not Waiver 5458
8.18 Waiver of Stay or Extension Laws 5458
8.19 Indenture Trustee Appointed Attorney 5458
8.20 Disclaimer of Marshalling 5559

ARTICLE IX THE INDENTURE TRUSTEE 5559

9.01 Certain Duties and Responsibilities 5559
9.02 Certain Rights of Indenture Trustee 5660
9.03 Not Responsible for Recitals or Issuer Funding Obligations 5862
9.04 May Hold Notes 5862
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 5862
9.06 Corporate Indenture Trustee Required; Eligibility 5963
9.07 Resignation and Removal; Appointment of Successor 5963
9.08 Acceptance of Appointment by Successor 6165
9.09 Merger, Conversion, Consolidation or Succession to Business 6166
9.10 Trust Indenture Legislation 6266
9.11 Representations and Covenants of the Indenture Trustee 6266
9.12 Indenture Trustee's Application for Instructions from the Issuer 6267

TABLE OF CONTENTS
(continued)

Page

9.13 Appointment of Co-Trustee or Separate Indenture Trustee ~~63~~67
9.14 Preservation of Information; Communications to Debtholders ~~64~~68
9.15 Acceptance of Trusts by Indenture Trustee ~~65~~70
9.16 Paying Agent ~~65~~70

ARTICLE X MEETINGS ~~67~~71

10.01 Conduct of Meetings ~~67~~71
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution ~~69~~73
10.03 Extraordinary Resolution ~~71~~75
10.04 Declaration by Chairman of Result of Vote ~~72~~76
10.05 Minutes ~~72~~76
10.06 Signed Instruments ~~72~~76
10.07 Persons Who May Attend ~~72~~76
10.08 Binding Effect of Resolutions ~~72~~77
10.09 Notes Regarded as Not Outstanding for Certain Purposes ~~73~~77

ARTICLE XI SUPPLEMENTAL INDENTURES ~~73~~77

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors ~~73~~77
11.02 Supplemental Indentures and Amendments with Consent of Debtholders ~~75~~79
11.03 Execution of Amendments and Supplemental Indentures ~~76~~80
11.04 Effect of Amendments and Supplemental Indentures ~~76~~80
11.05 Reference in Notes to Supplemental Indentures ~~77~~81

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER ~~77~~81

12.01 Representations and Warranties of the Issuer ~~77~~81

ARTICLE XIII COVENANTS OF THE ISSUER ~~79~~83

13.01 Payment of Principal and Interest ~~79~~83
13.02 Use of Proceeds ~~79~~83
13.03 Maintenance of Office or Agency ~~79~~83
13.04 Legal Existence ~~80~~84
13.05 Separateness Covenants ~~80~~84
13.06 Compliance with Laws ~~81~~85
13.07 Performance of Obligations ~~81~~85
13.08 Funding Obligations ~~81~~85
13.09 Financial Statements ~~82~~85
13.10 Statement as to Compliance ~~82~~86
13.11 Payment Instruction ~~82~~86
13.12 Notice of Events of Default ~~82~~86

TABLE OF CONTENTS
(continued)

Page

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors ~~83~~86
13.14 Other Positive Covenants ~~83~~87
13.15 Rule 144A Information ~~84~~88
13.16 Further Instruments and Acts ~~84~~88
13.17 No Other Business ~~84~~88
13.18 Amendments to Program Agreements ~~84~~88
13.19 Issuer May Consolidate, Etc., Only on Certain Terms ~~85~~89
13.20 Successor Substituted ~~86~~90
13.21 Guarantees, Loans, Advances and Other Liabilities ~~86~~90
13.22 Capital Expenditures ~~86~~90
13.23 Restricted Payments ~~86~~90
13.24 No Borrowing ~~87~~91
13.25 Other Negative Covenants ~~87~~91
13.26 Indenture Trustee May Perform Covenants ~~87~~91

ARTICLE XIV MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS ~~88~~92

14.01 Management Agreement ~~88~~92
14.02 Credit Enhancement Agreements ~~88~~92

ARTICLE XV NOTICES ~~89~~92

15.01 Notice to Issuer ~~89~~92
15.02 Notice to the Indenture Trustee ~~89~~93
15.03 Notice to Noteholders ~~90~~93
15.04 Notice to Other Specified Creditors ~~91~~94
15.05 Notice to Rating Agencies ~~91~~95
15.06 Change of Address ~~91~~95

ARTICLE XVI MISCELLANEOUS ~~91~~95

16.01 No Petition ~~91~~95
16.02 Withholding Rights 95
16.03 U.S. Tax Treatment ~~92~~95
~~16.03~~16.04 Alternate Payment Provisions ~~92~~96
~~16.04~~16.05 Final Distribution ~~92~~96
~~16.05~~16.06 Force Majeure ~~93~~97
~~16.06~~16.07 Delivery of Executed Copies ~~93~~97

SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF PAYMENT INSTRUCTIONS
EXHIBIT 2 — FORM OF REFINANCING NOTICE

TABLE OF CONTENTS
(continued)

Page

This **TRUST INDENTURE**, between ~~[ISSUER]~~**COMPUTERSHARE TRUST COMPANY OF CANADA in its capacity as trustee of FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and ~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee[1] (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of **Issuer** Funding Obligations in one or more **Classes,** Series~~, Classes~~ or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

~~(b) [all other terms used herein which are defined in the Master Transfer and Servicing Agreement, either directly or by reference therein, have the meanings assigned to them therein;]~~[1]

(b) ~~(c)~~ all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

[1] **This draft does not reflect any comments from the Indenture Trustee.**

~~[1] **NTD**: Defined terms from Master Transfer and Servicing Agreement to be included in Schedule A. Schedule A will be a master glossary for all Program Agreements.~~

(c) ~~(d)~~ unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(h) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series~~, Class~~ or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant

to Article V and this Section 1.02, as applicable, in connection with the ~~first~~ authentication of Notes of such Series~~, Class~~ or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, **resolution,** waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any **Class,** Series~~, Class~~ or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. ~~If Notes~~

~~of a Series, Class or Tranche are issuable in whole or in part as Bearer Notes~~**In addition**, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) ~~The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness to such execution or by the certificate of any notary public or other officer authorized by applicable law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or limited liability company, or a partner of a partnership, on behalf of such corporation, limited liability company or partnership, such certificate or affidavit will also constitute sufficient proof of his or her authority.~~ The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may ~~also~~ be proved in any ~~other~~ manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified ~~pursuant to Section 4.01 or~~ pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than ~~90~~**six months** days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY

MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the

Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified

Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) ~~the Collection Account, the Refinancing Account, each Finance Reserve Account, each Capital Reserve Account and each Supplemental Reserve~~**each Issuer** Account (including all Sub-Accounts of each ~~of the foregoing~~**Issuer Account**);

(iii) all Eligible Investments and all investment property, money and other property held in the ~~Collection Account, the Refinancing Account, any Finance Reserve Account, any Capital Reserve Account or any Supplemental Reserve Account~~**Issuer Accounts** (including any Sub-Accounts of each ~~of the foregoing~~**Issuer Account**);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest

in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement

Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the

right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05).

The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any **Class,** Series~~, Class~~ or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every **Class,** Series~~, Class~~ or Tranche of ~~Notes~~**Funding Obligations** as to which it seeks to discharge this Indenture or, if for any other purpose, all sums so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any **Class,** Series~~, Class~~ or Tranche of ~~Notes~~**Funding Obligations** (except as to any surviving rights of transfer or exchange of Notes of that **Class,** Series~~, Class~~ or Tranche expressly provided for herein or in ~~the~~**any** form of Note for that **Class,** Series~~, Class~~ or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that **Class,** Series~~, Class~~ or Tranche, when:

(i) all Notes of that **Class,** Series~~, Class~~ or Tranche theretofore ~~authenticated and delivered~~**outstanding** (other than (A) Notes of that **Class,** Series~~, Class~~ or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section ~~16.04~~**16.05**(b), and (B) ~~Notes~~**Funding Obligations** of that **Class,** Series~~, Class~~ or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section ~~16.04~~**16.05**(b)) have been delivered to the Indenture Trustee ~~canceled or~~ for cancellation **or been cancelled**;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the ~~Notes~~**Funding Obligations** of that **Class,** Series~~, Class~~ or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that **Class,** Series~~, Class~~ or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any **Class,** Series~~, Class~~ or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that **Class,** Series~~, Class~~ or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections ~~7.07~~**7.12** and ~~16.04~~**16.05**(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any **Class,** Series~~, Class~~ or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the **Class,** Series~~, Class~~ or Tranche designated therein referred to in the within-mentioned Indenture.

~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, as Indenture Trustee,

By:

Authorized Signatory

Dated:

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes ~~pursuant to Sections 3.02 and 4.01~~ that the Notes of a particular **Class,** Series~~, Class~~ or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the

Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to ~~[~~Fair Hydro Trust~~]~~ (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to ~~[~~Fair Hydro Trust~~]~~ (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such **Class,** Series~~, Class~~ or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or **ceases to be** a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer

within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such **Class,** Series~~, Class~~ or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such **Class,** Series~~, Class~~ or Tranche of like tenor and terms in **definitive form in** an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any **Class,** Series~~, Class~~ or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such **Class,** Series~~, Class~~ or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such **Class,** Series~~, Class~~ or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such **Class,** Series~~, Class~~ or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing~~ with respect to such Global Notes,~~ and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of ~~that~~**all** Series advise the Indenture Trustee and the Depository that ~~a~~ Global ~~Note is~~**Notes are** no longer in the best interest of the Noteholders~~ of that Series~~, the holders of Global Notes~~ of that Series~~ may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any ~~Tranche~~**Series**, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series~~, Class or Tranche~~ and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series~~, Class or Tranche~~, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series~~, Class or Tranche~~ of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global

Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable ~~clearing agency or~~ Depository and the~~ clearing agency's or~~ Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the ~~applicable clearing agency or Depository and the clearing agency's or Depository's participants and will be limited to those established by applicable law and agreements between such Note Owners and the clearing agency or Depository and/or the clearing agency's or~~**Depository and the** Depository's participants. ~~Pursuant to the operating rules of the applicable clearing agency, unless~~**Unless** and until Notes in definitive form are issued pursuant to Section 3.04,~~ the clearing agency or~~ the Depository will make book-entry transfers among the ~~clearing agency's or the~~ Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such~~ clearing agency's or~~ Depository's participants**, in accordance with the Depository's applicable procedures from time to time**.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the

Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the ~~clearing agency~~**Depository** and the ~~clearing agency~~**Depository**'s participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes **in accordance with the applicable procedures of the Depository**.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series~~, Class~~ or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes **of any Class** may be issued in one or more Series~~, Classes~~ or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) **The Classes of Notes are as set forth in this Indenture.** Each Note issued must be part of a ~~Series, Class~~ and ~~Tranche~~**Series** of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A ~~Class or~~ Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

~~(d) Each Series of Notes may, but need not be, subdivided into multiple Classes. Notes belonging to a Class in any Series may be entitled to specified payment priorities over other Classes of Notes in that Series.~~

(d) ~~(e)~~ Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If **the Notes of** a Series ~~of Notes is subdivided into multiple Classes, the Notes of each Class of such Series shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Class~~ of Notes belong to different Tranches, all Notes of such ~~Class~~**Series**, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the ~~Class~~**Series** of Notes.

~~(f) Notes of a Series that belong to different Classes in that Series belong to different Tranches on the basis of the difference in Class membership.~~

(e) ~~(g)~~ Each ~~Class~~**Series** of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single ~~Class~~**Series** of a ~~Series~~**Class** will belong to different Tranches if they have different terms and conditions. With respect to any ~~Class~~**Series** of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) ~~(h)~~ Before the initial issuance of Notes of each Series~~, Class~~ or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) **The Class in respect of such Series;**

(ii) ~~(i)~~ the Series designation;

(iii) ~~(ii)~~ the Stated Principal Amount of the Notes;

(iv) ~~(iii)~~ whether such Notes are of a particular ~~Class of Notes or a~~ Tranche of ~~a Class of~~ Notes;

(v) ~~(iv)~~ the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

~~(v) if the principal of or interest, if any, on such Notes are to be payable, at the election of the Issuer or a Noteholder, in a currency or currencies other than that in which the Notes are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;~~

~~(vi) if the amount of payments of principal of or interest, if any, on such Notes may be determined with reference to an index based on (A) a currency or currencies other than that in which the Notes are stated to be payable, (B) changes in the prices of one or more other securities or indexes of securities or (C) changes in the prices of one or more commodities or indexes of commodities, or any combination of the foregoing, the manner in which such amounts will be determined;~~

(vi) ~~(vii)~~ the price or prices at which such Series~~, Class~~ or Tranche of Notes will be issued;

(vii) ~~(viii)~~ the times at which such Series~~, Class~~ or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;~~[2]~~

(viii) ~~(ix)~~ the rate per annum at which such Series~~, Class~~ or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) ~~(x)~~ each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series~~, Class~~ or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) ~~(xi)~~ the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series~~, Class~~ or Tranche of Notes;

(xiii) ~~(xii)~~ whether or not application will be made to list such Series~~, Class~~ or Tranche of Notes on any securities exchange;

(xiv) ~~(xiii)~~ any Events of Default with respect to such Series~~, Class~~ or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series~~, Class~~ or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series~~, Class~~ or Tranche);

(xv) ~~(xiv)~~ if such Series~~, Class~~ or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be

~~[2] To confirm whether optional or mandatory redemption is possible. If not, a specific provision prohibiting it will be included.~~

exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) ~~(xv)~~ if such Series~~, Class~~ or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series~~, Class~~ or Tranche of Notes are to be issued with or without coupons or both;

~~(xvi) the subordination of such Series, Class or Tranche of Notes to any other indebtedness of the Issuer, including without limitation, the Notes of any other Series, Class or Tranche;~~

(xvii) **[if such Series~~, Class~~ or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;]**

(xviii) if such Series~~, Class~~ or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series~~, Class~~ or Tranche of Notes, if different from the last day of the month before the related Payment Date;

~~(xx) the details of any accumulation period for such Series, Class or Tranche of Notes and the amount scheduled to be deposited in a Capital Reserve Account, if any, on each Payment Date during such accumulation period;~~

(xx) ~~(xxi)~~ whether and under what conditions, additional amounts will be payable to Noteholders of such Series~~, Class~~ or Tranche; and

(xxi) ~~(xxii)~~ any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) ~~(i)~~ The Notes of each **Class,** Series~~, Class~~ or Tranche will be distinguished from the Notes of each other **Class,** Series~~, Class~~ or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) ~~(j)~~ Any terms or provisions in respect of the Notes of any **Class,** Series~~, Class~~ or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series~~, Class~~ or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series~~, Class~~ or Tranche, the Registered Notes of that Series~~, Class~~ or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series~~, Class~~ or Tranche, the Bearer Notes of that Series~~, Class~~ or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series~~, Class~~ or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series~~, Class~~ or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive

evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series~~, Class~~ or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series~~, Class~~ or Tranche are issued, the Issuer will cause definitive Notes of such Series~~, Class~~ or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series~~, Class~~ or Tranche will be exchangeable for definitive Notes of such Series~~, Class~~ or Tranche upon surrender of the temporary Notes of such Series~~, Class~~ or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series~~, Class~~ or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series~~, Class~~ or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series~~, Class~~ or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of Registered Notes of a particular **Class,** Series~~, Class~~ or Tranche, and for transfers of Registered Notes or of Registered Notes of such **Class,** Series~~, Class~~ or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any **Class,** Series~~, Class~~ or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such **Class,** Series~~, Class~~ or Tranche of any authorized denominations, of a like aggregate Stated

Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any **Class,** Series~~, Class~~ or Tranche may be exchanged for other Notes of such **Class,** Series~~, Class~~ or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same **Class,** Series~~, Class~~ and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any **Class,** Series~~, Class~~ or Tranche during a period beginning at the opening of business 15 days

before the day of selection of Notes of such **Class,** Series~~, Class~~ or Tranche to be redeemed and ending at the close of business on (A) if Notes of such **Class,** Series~~, Class~~ or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such **Class,** Series~~, Class~~ or Tranche so selected for redemption or (B) if Notes of the **Class,** Series~~, Class~~ or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the **Class,** Series~~, Class~~ or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any **Class,** Series~~, Class~~ or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR

PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction

under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, **Class,** Series~~, Class~~ or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same **Class,** Series~~, Class~~ or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so) to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, **repurchase,** transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the

Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding ~~Class~~**Series** or Tranche of a ~~Series~~**Class** of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding ~~Class~~**Series** or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that ~~Class~~**Series** or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a ~~Class~~**Series** or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a ~~Class~~**Series** or Tranche of Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit~~ of the additional Notes. Furthermore, the targeted deposits, if any, to any applicable Issuer Account, will be increased proportionately to reflect the principal amount~~ of the additional Notes.

(b) When issued, the additional Notes of a ~~Class~~**Series** or Tranche will be identical in all respects to the other Outstanding Notes of that ~~Class~~**Series** or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related

Supplemental Indenture as the other Outstanding Notes of that ~~Class~~**Series** or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.11 Redemption

[NTD: redemption mechanics to be included.]

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable ~~Class~~**Series** or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section ~~7.06~~**7.11** (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the Change of Law Protection Agreement shall be in full force and effect against the Province or has been replaced with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations pursuant to an Ordinary Resolution;

(h) ~~(g)~~ the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(i) ~~(h)~~ in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(j) ~~(i)~~ in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code), then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(k) ~~(j)~~ in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section ~~7.06~~7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior

Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI

prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of

the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account~~"~~**"**

(b) **On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Interest Accumulation Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation** Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 **days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.**

(c) **On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Principal Accumulation Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30** days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new **Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is**

established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined under, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "Program Cash Reserve Account") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(e) ~~(b)~~ On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(f) ~~(c)~~ From time to time in connection with the creation of any Series ~~or Class~~ of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "Series **Capital Reserve Account**") in the name

of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A **Series** Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account ~~not otherwise required to be paid to Specified Creditors at such time~~ shall be credited to a **Series** Capital Reserve Account, to the extent that there is a requirement for funds in such **Series** Capital Reserve Account, in accordance with the terms of ~~any~~**the** applicable Funding Obligation Agreement and Section 7.04. Each **Series** Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a **Series** Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new **Series** Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new **Series** Capital Reserve Account. From the date each such new **Series** Capital Reserve Account is established, it shall be a "**Series** Capital Reserve Account~~"~~**." Each Series Capital Reserve Account shall be a "capital account" under, and as defined under, the Fair Hydro Act Regulations.**

(g) ~~(d)~~ From time to time in connection with the creation of any Series ~~or Class~~ of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series** **Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A **Series** Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for ~~one or more~~**a** Series ~~or Classes~~ of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account ~~not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time~~ shall be credited to a **Series** Finance Reserve Account, to the extent that there is a requirement for funds in such **Series** Finance Reserve Account, in accordance with the terms of ~~any~~**the** applicable Funding Obligation Agreement and Section 7.04. Each **Series** Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a **Series** Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 ~~calendar~~ days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency

Condition is satisfied) establish a new **Series** Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new **Series** Finance Reserve Account. From the date each such new **Series** Finance Reserve Account is established, it shall be a "**Series** Finance Reserve Account~~".~~**." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined under, the Fair Hydro Act Regulations.**

~~(e) From time to time in connection with the creation of any Series or Class of Issuer Funding Obligations, the Issuer may cause the Indenture Trustee to establish one or more Eligible Deposit Accounts denominated as "**Supplemental Reserve Accounts**" in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Supplemental Reserve Account may be established for such other purposes not prohibited by this Indenture as the Issuer may deem necessary or desirable from time to time. Payments of Available Collections out of the Collection Account not otherwise required to be paid to Specified Creditors or a Capital Reserve Account at such time shall be credited to a Supplemental Reserve Account, to the extent that there is a requirement for funds in such Supplemental Reserve Account, in accordance with the terms of the any applicable Funding Obligation Agreement and Section 7.04. Each Supplemental Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Supplemental Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Supplemental Reserve Account, as applicable, that is an Eligible Deposit Account and shall transfer any funds or other property from such Supplemental Reserve Account to such new Supplemental Reserve Account. From the date each such new Supplemental Reserve Account is established, it shall be a "Supplemental Reserve Account".~~

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments

pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections ~~7.04 and~~ 7.05 **to 7.10**.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided, however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series~~, Class~~ or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series~~, Class~~ **or Tranche, or (iv) the Principal Accumulation Date of such Series** or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series~~, Class~~ or Tranche will in all respects be equally and ratably entitled to the benefits hereof

with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series~~, Class~~ **or Tranche, or (iv) the Principal Accumulation Date of such Series** or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series~~, Class~~ or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series~~, Class~~ or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, ~~or~~ (iii) the Principal Payment Default Date~~ of the Junior Subordinated Funding Obligations~~**, or (iv) the Principal Accumulation Date** of such Series~~, Class~~ or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, ~~(A)~~ to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; ~~and then (B)~~

(ii) **Second,** to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in

respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[32] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(iii) ~~(ii) Second, *pari passu*, (A) to Debtholders~~**Third**, on a *pro rata* basis~~, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations~~ **(A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date**, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) ~~(iii) Third, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account in accordance with the terms of any Related Funding Obligation Agreement~~**Fourth, on a *pro rata* basis (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date**, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

~~(iv) Fourth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any other Issuer Account as required by any Related Funding Obligation Agreement, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;~~

(v) Fifth, to ~~the Manager in respect of~~**Debtholders, on a *pro rata* basis,** all fees~~, expenses, reimbursement and indemnity amounts owing;~~ **and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations,**

(vi) Sixth, to ~~the payment or remittance of all Taxes exigible and not previously paid pursuant to clause (i);~~**deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);**

(vii) Seventh, ~~(A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any~~

[32] To be confirmed.

~~relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;~~**to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations;**

(viii) Eighth, to ~~Debtholders, on a *pro rata* basis,~~**the Manager** in respect of all ~~interest accrued and unpaid, if any, and~~ fees**, expenses, reimbursement** and ~~other amounts (other than principal) due and payable on the Subordinated Funding Obligations~~**indemnity amounts owing**;

(ix) Ninth, to ~~Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;~~**transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;**

(x) Tenth, to transfer ~~such amounts as is sufficient to replenish, on a *pro rata* basis, any Issuer Account (other than a Capital Reserve Account) related solely to Subordinated Funding Obligations as required by any Related Funding Obligation Agreement;~~**to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date,**

(xi) Eleventh, to Debtholders, on a *pro rata* basis, ~~in respect of all interest accrued and unpaid, if any, and~~**all** fees and other amounts (other than **interest or** principal) due and payable on the ~~Junior~~ Subordinated Funding Obligations;

(xii) Twelfth, to ~~Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations, only to the extent required to satisfy any payment of principal or requirement to accumulate amounts in a Capital Reserve Account for Junior Subordinated Funding Obligations in accordance with the terms of any Related Funding Obligation Agreement;~~**deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Subordinated);**

(xiii) Thirteenth**, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve**

Account as required by any Related Funding Obligation Agreement related solely to Subordinated Funding Obligations;

(xiv) **Fourteenth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,**

(xv) **Fifteenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,**

(xvi) **Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;**

(xvii) **Seventeenth**, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any ~~Issuer Account (other than a Capital Reserve Account)~~**Series Capital Accounts or Series Finance Reserve Accounts** as required by any Related Funding Obligation Agreement related solely to Junior Subordinated Funding Obligations ~~as required by any Related Funding Obligation Agreement~~;

(xviii) ~~(xiv) Fourteenth~~**Eighteenth**, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) ~~(xv) Fifteenth~~**Nineteenth**, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period; ~~and~~

(xx) **Twentieth, on a *pro rata* basis (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and**

(xxi) ~~(xvi) Sixteenth~~**Twenty-First**, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the

Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in ~~the Other Issuer Accounts~~Interest Accumulation Account

~~(a)~~ Subject to ~~clause (b) below, if, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date~~: ~~(i) amounts on deposit in any Issuer Account, other than Issuer Accounts related solely to Subordinated Funding Obligations or Junior Subordinated Funding Obligations, may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (iii); (ii) amounts on deposit in any Issuer Account related solely to Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (ix); and (iii) amounts on deposit in any Issuer Account related solely to Junior Subordinated Funding Obligations may be withdrawn from such Issuer Account and allocated only to those Specified Creditors required to be paid pursuant to and in accordance with subsection 7.04(e)(i) through (xii).~~ **Sections 7.07 and 8.13, on each Interest Payment Date, any amount on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Interest Payment Date:**

(a) **Firstly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;**

(b) **Secondly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (y) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date;**

(c) **Thirdly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (y) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required**

Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full including all interest thereon any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

Subject to Section 8.13, on each Principal Payment Date, any amount on deposit in the Principal Accumulation Account and any amounts transferred pursuant to Section 7.07 will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Principal Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the

succeeding Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account

(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "Subordinated/Senior Principal Shortfall"), an amount equal to the lesser of:

(i) the Subordinated/Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinate Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "Senior Principal Shortfall"), an amount equal to the lesser of:

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date,

(ii) Secondly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(c) is less than the amount of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(b) On each Principal Payment Date (and if the Principal Payment Date is also an Interest Payment Date, after making the applications provided for in subsection 7.08(a) and Section 7.07), amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Senior Funding Obligations on such Principal Payment Date;

(ii) Secondly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(b) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal

Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(c) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b): (i) to be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Refinancing

(a) Not less than [30] days prior the first day of the Reference Period that includes the Principal Accumulation Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) ~~Notwithstanding anything to the contrary contained herein but subject to Section 8.13:~~On completion of a Refinancing all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) ~~amounts~~**The amount** on deposit in the Refinancing Account ~~may only be withdrawn from the Refinancing Account for the purpose of repaying the principal amount of Issuer Funding Obligations which are due and payable and interest thereon~~; and

(ii) The Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account **shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts remaining in the Refinancing Account shall be applied in accordance with Section 8.13.**

7.10 Allocation of Amounts on Deposit in the Series Accounts

~~(ii)~~ **If**, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date amounts on deposit in ~~an Issuer Account established solely for the benefit of one or more Series, Classes or Tranches of Issuer Funding Obligations may only~~**any Series Account may** be withdrawn from such ~~Issuer~~**Series** Account ~~for the purpose for which such Issuer Account was established~~ and allocated ~~only~~ to ~~those~~ Specified Creditors ~~for whom such Issuer Account was established~~**in accordance with the terms of the Related Funding Obligations Agreement**.

7.11 ~~7.06~~ Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.12 ~~7.07~~ Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES[4]

8.01 Events of Default

[NTD: to be determined if certain events of default should be triggered on a series by series basis.]

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of ~~65~~**[5]** days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of ~~90~~**60** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the ~~90~~**60**-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of ~~90~~**60** days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of

[4] ~~Subject to ongoing discussions.~~

Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the ~~90~~**60**-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within ~~90~~**10** days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

[NTD: to be determined if acceleration should be determined on a series by series basis.]

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will

automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be

deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part

thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any **Class,** Series~~, Class~~ or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such **Class,** Series~~, Class~~ or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or

other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to ~~(A)~~ the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction; ~~and then~~

(b) **Second,** to ~~(B)~~ the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[~~53~~] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(c) ~~(b) [Second~~**Third**, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(d) ~~(c) Third~~**Fourth**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;]~~64~~

(e) ~~(d) Fourth~~**Fifth**, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(f) ~~(e) Fifth~~**Sixth**, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

~~(f) Sixth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;~~

(g) Seventh, to the ~~payment or remittance of all Taxes exigible and not previously paid pursuant to clause (a)~~**Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing**;

[~~53~~] To be confirmed.

~~64~~ Subject to ongoing discussion.

(h) Eighth~~, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers, in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;(i)~~ ~~Ninth~~, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(i) ~~(j) Tenth~~**Ninth**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) ~~(k) Eleventh~~**Tenth**, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(k) ~~(l) Twelfth~~**Eleventh**, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(l) ~~(m) Thirteenth~~**Twelfth**, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party; ~~and~~

(m) **Thirteenth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;**

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in ~~an Issuer~~**a Series** Account established solely for the benefit of one or more Series~~, Classes or Tranches~~ of Issuer Funding Obligations ~~(which, for greater certainty, shall not include the Refinancing Account)~~ shall first be used to satisfy all obligations owing to those Specified Creditors for whom such ~~Issuer~~**Series** Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the

Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as ~~[Indenture Trustee]~~**BNY Trust Company of Canada** is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To

facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 Acceptance of Appointment by Successor

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or

a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such

application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any **relevant** jurisdiction ~~in which any part of the Issuer's property may at the time be located~~, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as

effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any **Class,** Series~~, Class~~ or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such **Class,** Series~~, Class~~ or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable **Classes,** Series~~, Classes~~ and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any

applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any **Class,** Series~~, Class~~ or Tranche, of all ~~Series of~~ Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular **Class,** Series~~, Class~~ or Tranche, of all ~~Series of~~ Issuer Funding Obligations**, [of Controlling Class Obligations of a Series]** or of all Controlling Class Obligations **(each of such groups of Debtholders being a "Debtholder Group")**, as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, convene a meeting of the Debtholders of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the ~~Series, Class or Tranche~~**applicable Debtholder Group** to which such meeting relates~~, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~ and to the Issuer, unless the meeting has been

called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of ~~the Debtholders of a Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**a Debtholders Group**, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the ~~Series, Class or Tranche, of all Series of~~ Issuer Funding Obligations ~~or of all Controlling Class Obligations, as the case may be,~~**of the applicable Debtholder Group** entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the

Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of ~~that Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**the applicable Debtholder Group**. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such **Class,** Series~~, Class~~ or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the **Class,** Series~~, Class~~ or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such **Class,** Series~~, Class~~ or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such **Class,** Series~~, Class~~ or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the **Class,** Series~~, Class~~ or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized

by such Ordinary Resolution; provided that no such assent shall be necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of ~~all~~**the** Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all ~~Series~~**Classes** of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable

bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest ~~(other than Permitted Liens)~~.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations~~**Debtholder Group** which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations,~~**Debtholder Group** in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** will be binding upon all of the Debtholders of such ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be,~~**Debtholder Group** whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such ~~Series, Class or Tranche, of all Series of Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be~~**Debtholder Group**, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that **Class,** Series~~, Class~~ or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that **Class,** Series~~, Class~~ or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series~~, Class~~ or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any **Class,** Series~~, Class~~ or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional ~~or alternative~~ forms of Credit Enhancement for any **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such

amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such

amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the ~~Adjusted~~ Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any **Class,** Series~~, Class~~ or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular **Classes,** Series~~, Class~~ or ~~Tranche~~**Tranches** of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such **Class,** Series **or Tranche** with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section

9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular **Class,** Series~~, Class~~ or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program

Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each **Class,** Series~~, Class~~ or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the ~~Refinancing~~**redemption, repayment or repurchase** of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer

will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more **Classes,** Series~~, Classes~~ or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any **Class,** Series~~, Class~~ or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the ~~[■]~~[7] **Indenture Trustee**, as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

[7] ~~OPG to confirm.~~

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) ~~[~~prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;~~]~~[8]

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others

[8] ~~To discuss financial statement requirements.~~

that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited ~~[consolidated~~ financial statements of the Issuer~~]~~ for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, ~~[~~unaudited ~~consolidated~~ financial statements of the Issuer~~]~~ for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.[9]

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year **and that no Event of Default has occurred (without regard to any grace period or requirement of notice)**, or, if there has been a material default in the fulfillment of any such condition or covenant **or an Event of Default has occurred** (without regard to any grace

[9] ~~To discuss financial statement requirements.~~

period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such **Classes,** Series~~, Classes~~ or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each

applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any **Class,** Series~~, Class~~ or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to

provide to any Noteholder of such **Class,** Series~~, Class~~ or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

~~[Issuer]~~**Fair Hydro Trust**
c/o Ontario Power Generation Inc.
~~100~~**700** University Avenue~~, 11th Floor~~
Toronto, Ontario M5~~J 2Y~~**G** 1**X6**

Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

~~[Issuer Trustee]~~**Computershare Trust Company of Canada**, in its capacity as Issuer Trustee for ~~[Issuer]~~
~~[Address]~~

Fair Hydro Trust
100 **University Avenue**, 11th Floor
Toronto, Ontario M5J 2Y**1**

Attention: [■]
Fax: (416) [■]
Email: [■]

~~[■]~~

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

~~**[Indenture Trustee]**~~
~~**[Address]**~~
Attention: ~~[■]~~**Corporate Trust Services**
Fax: ~~[■]~~**(416) 360-1711**

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile

or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any **Class,** Series~~, Class~~ or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series~~, Class~~ or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series~~, Class~~ or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to

give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 ~~16.02~~ U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.04 ~~16.03~~ Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 ~~16.04~~ Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any **Class,** Series~~, Class~~ or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such **Class,** Series~~, Class~~ or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such **Class,** Series~~, Class~~ or Tranche specifying (i) the date upon which final payment of such **Class,** Series~~, Class~~ or Tranche will be made upon presentation and surrender of Notes of such **Class,** Series~~, Class~~ or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any **Class,** Series~~, Class~~ or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any ~~Issuer~~**Series** Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any ~~Issuer~~**Series** Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 ~~16.05~~ Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by,

directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 ~~16.06~~ Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

~~[ISSUER]~~**COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

~~[INDENTURE TRUSTEE]~~**BNY TRUST COMPANY OF CANADA**, as Indenture Trustee and not in its individual capacity

By:

Name:
Title:

Schedule A
DEFINED TERMS

"**Act**" means *Ontario Fair Hydro* ***Plan*** *Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

~~"**Adjusted Outstanding Dollar Principal Amount**" means, at any time with respect to any Series, Class or Tranche of Notes, the Outstanding Dollar Principal Amount of all Outstanding Notes of such Series, Class or Tranche at such time, less any funds on deposit in any Issuer Account or the related Sub-Account, as applicable, for the benefit of such Series, Class or Tranche at such time.~~

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default~~, (b~~ **or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c**) materially adversely affect the amount or timing of payments to be made to the Specified Creditors **(other than Debtholders and Derivative Counterparties)** pursuant to this Indenture or any Program Agreement, or (~~c~~**d**) adversely affect the Security Interest ~~unless otherwise permitted by this~~**and the rights and remedies of the** Indenture~~.~~ **Trustee in respect thereof.**

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any **Class,** Series~~, Class~~ or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in ~~the Collection Account, any Finance Reserve Account and any Capital Reserve~~**any Issuer** Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; ~~and~~ (b) the IESO Carrying Cost Payments**; and (c) amounts received by the Issuer pursuant to Derivative Agreements**.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means ~~(a)~~ any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed~~, or (b) for purposes of any particular Series, Class or Tranche of Notes, any other day specified in the applicable Supplemental Indenture~~.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes ~~of any Tranche~~ issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

~~"**Capital Reserve Account**" has the meaning specified in subsection 7.02(c).~~

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" ~~means, with respect to any Issuer Funding Obligation, the class specified in the Related Funding Obligation Agreement~~ **or "Class of Issuer Funding Obligations" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations [and the Derivative Funding Obligations], each of which shall be a class of Issuer Funding Obligations.**

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at ~~[■]; Telephone: [■]; Facsimile: [■],~~**One York Street, 6th Floor, Toronto, Ontario M5J 0B6,** or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"Debtholder Group" has the meaning specified in subsection 10.01(a)

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Issuer was established.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"Deferred Principal Accumulation Amount" means, on any Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by

S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this

definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any **Class,** Series~~, Class~~ or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"Fair Hydro Regulations" means the regulations made under the Act including Ontario regulations 206/17 and 195/17

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Indenture.

~~"**Finance Reserve Account**" has the meaning specified in subsection 7.02(d).~~

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Funding ~~Obligations~~Obligation**" has the meaning ascribed to the term "funding ~~obligations~~**obligation**" in the Act as of the date of this Indenture.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a ~~Class~~**Series** or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a **Class,** Series~~, Class~~ or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche plus the aggregate initial principal amount of any additional Notes of such **Class,** Series~~, Class~~ or Tranche, and (b) with respect to a **Class,** Series~~, Class~~ or Tranche of Discount Notes~~ or~~ that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"Interest Accrual Amount (Junior Subordinated)" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(xiii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a).

"Interest Accrual Amount (Senior)" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(iii)(A).

"Interest Accrual Amount (Subordinated)" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(viii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b).

"Interest Accumulation Account" has the meaning specified in subsection 7.02(b).

"Interest Payment Date" means each Business Day which is an "Interest Payment Date" in respect of any Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the ~~Collection Account, the Refinancing Account, all Finance Reserve Accounts, all Capital Reserve~~**Program Accounts and the Series** Accounts and ~~all Supplemental Reserve Accounts,~~ including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series~~, Class~~ or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any **Class,** Series~~, Class~~ or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to

any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust **or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust**).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be

references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, **Senior** Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only **Senior** Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. **Senior** Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any ~~Class or Tranche of~~ Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such ~~Class~~**Series** or Tranche at such time, less the amount of any ~~withdrawals from any Issuer Account or Sub-Account for such Class or Tranche of Notes for payment~~**payments** of principal to the holders of such ~~Class or Tranche~~**Series** of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such ~~Class or Tranche~~**Series** of Notes due to the issuance of additional Notes of such ~~Class or Tranche pursuant to Article V~~**Series**.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any **Class,** Series~~, Class~~ or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such **Class,** Series~~, Class~~ or Tranche at such time, less the amount of any ~~withdrawals from any Issuer Account or Sub-Account for such Series, Class or Tranche of Notes for payment~~**payments** of principal to the holders of such **Class,** Series~~, Class~~ or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series~~, Class~~ or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series~~, Class~~ or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series~~, Class~~ or Tranche or the applicable Derivative Counterparty~~ and accretions of principal~~, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such **Class,** Series~~, Class~~ or Tranche of Notes due to the issuance of additional Notes of such **Class,** Series~~, Class~~ or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means~~, with respect to any Series of Issuer Funding Obligations,~~ the 15th day of each calendar month~~ or the date otherwise specified in the Related Funding Obligation Agreement~~.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;~~ and~~

(c) the Security Interest**; and**

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, **unlimited liability company,** estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any **Class,** Series~~, Class~~ or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such **Class,** Series~~, Class~~ or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"Principal Accumulation Account" has the meaning specified in subsection 7.02(c).

"Principal Accumulation Amount" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Funding Obligation Agreement in respect of such Series plus any amounts specified in the Funding Obligation Agreement in respect of such Series in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; *provided* that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"Principal Accumulation Amount (Junior Subordinated)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"Principal Accumulation Amount (Senior)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations for such Payment Date.

"Principal Accumulation Amount (Subordinated)" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"Principal Accumulation Date" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"Principal Payment Date" means each Business Day which is a "Principal Payment Date" under a Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"Program Account" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account and the Refinancing Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"Program Cash Reserve Account" has the meaning specified in subsection 7.02(g).

"Program Cash Reserve Balance" means, at any time, the amount on deposit in the Program Cash Reserve Account.

"Program Cash Reserve Required Amount (Junior Subordinated)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Senior)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Subordinated)" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"Program Cash Reserve Required Amount (Total)" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).

"Program Cash Reserve Required Deposit Amount (Junior Subordinated)" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.

"Program Cash Reserve Required Deposit Amount (Senior)" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.

"Program Cash Reserve Required Deposit Amount (Subordinated)" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding **Class,** Series~~, Class~~ or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series~~, Class~~ or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any

specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any Outstanding Notes immediately before the taking of such action, **[or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action]**, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"Refinancing Notice" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a ~~Class~~**Series** or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"Required Principal Accumulation Amount (Senior)" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"Required Principal Accumulation Amount (Subordinated)" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any ~~authorized~~ director or officer of the Manager; (b) the Servicer, any ~~authorized~~ director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"Senior Principal Shortfall" has the meaning specified in subsection 7.07(b).

"**Senior Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any **Class of** Issuer Funding Obligation, the Series **of the Class** specified in the Related Funding Obligation Agreement.

"Series Account" means each Series Finance Reserve Account and each Series Capital Account.

"Series Finance Reserve Account" has the meaning specified in subsection 7.02(g).

"Series Capital Account" has the meaning specified in subsection 7.02(f).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"Subordinated/Senior Principal Shortfall" has the meaning specified in subsection 7.07(a).

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series ~~or Class~~ that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any ~~Classes and~~ Tranches of Notes belonging to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

~~"**Supplemental Reserve Account**" means the trust account or accounts designated as such and established pursuant to subsection 7.02(e).~~

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act ~~[~~as of the date of this Indenture.~~]~~.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" ~~has the meaning specified in the applicable~~**means all amounts payable upon early termination of any** Derivative Agreement **calculated in accordance with the terms of such Derivative Agreeement**.

"**Terms Document**" means, with respect to any ~~Class or~~ Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any ~~Class~~**Series** of Notes, Notes of such ~~Class~~**Series** which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes ~~of any Tranche~~ issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit

facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.]

Document comparison by Workshare Compare on November-08-17 8:59:29 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\#23425981v13_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture.docx
Description	#23425981v13_TorysAtWork_ - Fair Hydro Plan Master Trust Indenture
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Province\Master Trust Indenture (November 7th Rating Agency Draft).DOCX
Description	Master Trust Indenture (November 7th Rating Agency Draft)
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	649
Deletions	635
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	1300

Draft Date: November 7, 2017

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 2
1.1 Definitions 2
1.2 Sections and Headings 7
1.3 Extended Meanings 7

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET 8
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 8
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 9

ARTICLE 3 ROLE OF THE SERVICER 11
3.1 Designation of Servicer 11
3.2 Forecasts and Other Information 11
3.3 Clean Energy Adjustments and Electricity Vendors 11
3.4 Reporting 13
3.5 Remittances 14
3.6 Limits to Obligations 14
3.7 Servicing and Maintenance Standards 15
3.8 Appointments 15
3.9 Term 16
3.10 Resignation of Servicer 16
3.11 Mergers 16
3.12 The IESO Not to Resign as Servicer 17
3.14 IESO Security for CEA Remittances 17

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO 18
4.1 Representations and Warranties 18
4.2 Survival 20

ARTICLE 5 COVENANTS OF THE IESO 20
5.1 Existence 20
5.2 No Transfer or Liens 20
5.3 Notice of Liens 20
5.4 Compliance with Law 21
5.5 Covenants Related to the Investment Interest 21
5.6 Non-petition Covenants 21
5.7 Disclosure 21
5.8 Further Assurances 22
5.9 Access to Certain Records and Information 22
5.10 Maintenance of Operations 22
5.11 Acknowledgement of Indenture ..... **Error! Bookmark not defined.**

ARTICLE 6 IESO INDEMNITIES 22
6.1 Liability of the IESO; Indemnities 22

TABLE OF CONTENTS
(continued)

Page

ARTICLE 7 SERVICER DEFAULT 24
7.1 Servicer Default 24
7.2 Appointment of Successor Servicer 25
7.3 Waiver of Past Defaults 26
7.4 Notice of Servicer Default 26
7.5 Cooperation with Successor Servicer 26
ARTICLE 8 MISCELLANEOUS 26
8.1 Amendment 26
8.2 Withholding Rights 27
8.3 No Partnership 27
8.4 Notices 27
8.5 Assignment 28
8.6 Limitations on Rights of Third Parties 28
8.7 Severability 28
8.8 Separate Counterparts; Electronic Delivery 28
8.9 Governing Law 28
8.10 Grant of Security Interest to Indenture Trustee 28
8.11 Limitation of Liability of the Issuer Trustee 29
8.12 Waivers 30

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

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

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

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

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to by the applicable Electricity Vendor;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

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

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

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

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

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"**Prescribed Period**" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.9;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a

binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by bank wire transfer or bank electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO

officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) immediately after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in this Agreement or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2(a); and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, that is in the possession or control of the Transferor or which is available on request to the Transferor, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments:

(i) provide guidance to the Electricity Vendors with respect to their obligations under the Act to establish a segregated account into which

Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) provide a suggested form of Electricity Vendor Billing Period Report to be used by such Electricity Vendors;

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to such forms and guidance.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and

the amount received pursuant to Section 3.3(d), and such other discrepancies as may be agreed by the parties hereto, acting reasonably;

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report, or

(iv) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) Report monthly to the Issuer any failure on the part of Electricity Vendors to deliver, remit or certify referred to in (j)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the explanation provided therefor by the Electricity Vendor.

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ten Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ten Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received on or subsequent to a Remittance Date shall be remitted by the Servicer to the Collection Account no later than the immediately following Remittance Date.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.6.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO;

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to

the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.7 Servicing and Maintenance Standards

Subject to Section 3.6, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.8 Appointments

The Servicer may at any time appoint any Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.10.

3.9 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.10 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the

other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the prescribed period set out in the Regulations (the "**Prescribed Period**") and agrees to comply with its obligations under the Regulations to pay and remit the Carrying Costs to the Issuer on a monthly basis.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly Carrying Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO, and such entry shall be deemed to be a certification of the accuracy of the amount entered.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors

which are either not rated or are rated less than investment grade to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.6, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or

any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under this Agreement or the Act or the validity or enforceability of this Agreement.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest, except for any Lien granted by the Issuer to the IESO.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda,

prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer and each of its trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount

paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.10 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the

Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition, such satisfaction to be confirmed by the Issuer at the time of such amendment. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors

against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in

their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

[**NTD: form to be settled]**

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

MASTER TRANSFER AND SERVICING AGREEMENT

between

[FINANCING ENTITY]
as Issuer

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

Dated as of ■, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION **2**
1.1 Definitions 2
1.2 Sections and Headings 7
1.3 Extended Meanings 7

ARTICLE 2 TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET **8**
2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset 8
2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset 9

ARTICLE 3 ROLE OF THE SERVICER **11**
3.1 Designation of Servicer 11
3.2 ~~Forecast of Electricity Consumption~~ ~~11~~**Forecasts and Other Information** **11**
3.3 Clean Energy Adjustments and Electricity Vendors 11
3.4 Reporting 13
3.5 Remittances 14
3.6 Limits to Obligations 14
3.7 Servicing and Maintenance Standards 15
3.8 Appointments 15
3.9 Term ~~15~~**16**
3.10 Resignation of Servicer 16
3.11 Mergers 16
3.12 The IESO Not to Resign as Servicer 17
3.14 IESO Security for CEA Remittances ~~17~~**18**

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE IESO **18**
4.1 Representations and Warranties 18
4.2 Survival 20

ARTICLE 5 COVENANTS OF THE IESO **20**
5.1 Existence 20
5.2 No Transfer or Liens 20
5.3 Notice of Liens ~~20~~**21**
5.4 Compliance with Law ~~20~~**21**
5.5 Covenants Related to the Investment Interest ~~20~~**21**
5.6 Non-petition Covenants 21
5.7 Disclosure ~~21~~**22**
5.8 Further Assurances ~~21~~**22**
5.9 Access to Certain Records and Information ~~21~~**22**
5.10 Maintenance of Operations 22
5.11 Acknowledgement of Indenture **22**

ARTICLE 6 IESO INDEMNITIES **22**

TABLE OF CONTENTS
(continued)

Page

6.1 Liability of the IESO; Indemnities 22

ARTICLE 7 SERVICER DEFAULT ..... ~~23~~24
7.1 Servicer Default ..... ~~23~~24
7.2 Appointment of Successor Servicer ..... ~~25~~26
7.3 Waiver of Past Defaults ..... ~~25~~26
7.4 Notice of Servicer Default ..... ~~26~~27
7.5 Cooperation with Successor Servicer ..... ~~26~~27

ARTICLE 8 MISCELLANEOUS ..... ~~26~~27
8.1 Amendment ..... ~~26~~27
8.2 Withholding Rights ..... ~~26~~27
8.3 No Partnership ..... ~~26~~27
8.4 Notices ..... ~~26~~28
8.5 Assignment ..... ~~27~~28
8.6 Limitations on Rights of Third Parties ..... ~~27~~28
8.7 Severability ..... ~~28~~29
8.8 Separate Counterparts; Electronic Delivery ..... ~~28~~29
8.9 Governing Law ..... ~~28~~29
8.10 Grant of Security Interest to Indenture Trustee ..... ~~28~~29
8.11 Limitation of Liability of the Issuer Trustee ..... ~~28~~29
8.12 Waivers ..... ~~29~~30

EXHIBIT

Exhibit A – Form of Transfer Notice
Exhibit B – Form of Monthly Report
Exhibit C – Form of Monthly Carrying Costs Statement

MASTER TRANSFER AND SERVICING AGREEMENT

THIS AGREEMENT made as of ■, 2017.

BETWEEN:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario

(the "**Issuer**")

- and -

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital amalgamated under the laws of the Province of Ontario

(the "**Transferor**" in its capacity as transferor, the "**Servicer**", in its capacity as servicer, and the "**IESO**" in its capacity as both Transferor and Servicer)

WHEREAS the Government of Ontario has enacted the *Ontario Fair Hydro Act, 2017* (the "**Act**") for the purpose of, among other things, ensuring that clean energy costs and clean energy benefits (each as defined in the Act) are fairly allocated among present and future Specified Consumers;

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

AND WHEREAS the IESO may from time to time, in accordance with the Act, Transfer Specified Portions of the Regulatory Asset to the Issuer pursuant to Section 26(1) of the Act;

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

AND WHEREAS the Issuer will grant a security interest over all of the Issuer Investment Interest to and in favour of the Indenture Trustee on behalf of all Specified Creditors;

AND WHEREAS in connection with its ownership of the Issuer Investment Interest and in order to collect the associated Clean Energy Adjustments in accordance with the Act, the Issuer desires to engage the Servicer to carry out the services described herein and the Servicer agrees to be so engaged;

NOW THEREFORE in consideration of the foregoing and the mutual covenants and agreements contained herein (the receipt and adequacy of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, the following terms have the following meanings:

"**Act**" has the meaning ascribed thereto in the recitals;

"**Agreement**" means this master transfer and servicing agreement, as amended, supplemented, modified, restated or replaced from time to time, and the expressions "herein", "hereof", "hereto", "hereunder" and similar expressions refer to this Agreement and not to any Article, Section, paragraph, subparagraph or clause hereof;

"**Billing Period**" means a calendar month in which the Clean Energy Adjustment is billed to Specified Consumers;

"**Board**" means the Ontario Energy Board, a statutory corporation without share capital continued under the *Ontario Energy Board Act, 1998*, S.O., 1998;

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed;

"**Carrying Costs**" has the meaning ascribed to the term "carrying costs" in the Regulations;

"**CEA Consumer Invoice Amounts**" means amounts invoiced by an Electricity Vendor to Specified Consumers in respect of the Clean Energy Adjustment based on the rates established by the Board;

"**Clean Energy Adjustment**" has the meaning ascribed to the term "clean energy adjustment" in the Act;

"**Closing Date**" means the date on which a Transfer is to be completed as specified in the applicable Transfer Notice;

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the parties hereto and any other owner or owners of an Investment Interest as contemplated by Section 29(5) of the Act in form and substance satisfactory to the parties hereto, acting reasonably;

"**Co-Owner Implementation Date**" means the date, if any, upon which the Issuer Investment Interest ceases to be the only Investment Interest outstanding representing the full Investment Asset;

"**Collection Account**" means an Eligible Deposit Account established by the Issuer for the purpose of receiving the Issuer Share of the Servicer CEA Receipts;

"**Daily Remittance Event**" means the occurrence of either: (i) a Servicer Default or (ii) the IESO (or any successor thereto) ceasing to have the Required Servicer Rating;

"**Declaration of Trust**" means the declaration of trust made as of ■, 2017 under which the Issuer was established, as may be supplemented, amended, replaced or amended and restated from time to time;

"**Electricity Vendor**" has the meaning ascribed to the term "electricity vendor" in the Act;

"**Electricity Vendor CEA Collections**" means payments actually received by Electricity Vendors from Specified Consumers in respect of Clean Energy Adjustments;

"**Electricity Vendor Billing Period Report**" means a report as contemplated by Section 17(2) of the Act from each Electricity Vendor in respect of each Billing Period where Clean Energy Adjustments are billed to Specified Consumers containing:

(a) its total CEA Consumer Invoice Amounts in such Billing Period;

(b) its total Electricity Vendor CEA Collections during such Billing Period; and

(c) such other information as may be prescribed in the Regulations or any other Requirement of Law, or which otherwise may be agreed to **by the applicable Electricity Vendor**;

"**Eligible Deposit Account**" means an account in Canada with an Eligible Institution;

"**Eligible Institution**" means:

(a) at any time before the Co-Owner Implementation Date, an "Eligible Institution" as defined in the Indenture; and

(b) at any time on or after the Co-Owner Implementation Date, an "Eligible Institution" as defined in the applicable Co-Owner Agreement;

"**Fair Hydro Variance Account**" means the variance account established by the IESO pursuant to Section 24(1) of the Act;

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act;

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act;

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government;

"**IESO**" or "**Independent Electricity System Operator**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998;

"**IESO Deferral**" has the meaning ascribed to the term "IESO deferral" in the Act;

"**IESO Disclosure**" has the meaning ascribed thereto in Section 5.7;

"**IESO Segregated Account**" has the meaning ascribed thereto in Section 3.3(a);

"**Indemnified Losses**" has the meaning ascribed thereto in Section 6.1(a);

"**Indemnified Party**" has the meaning ascribed thereto in Section 6.1(a);

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

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

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within **[45]** days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof;

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act;

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act;

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

"**Issuer Funding Obligations**" means the Funding Obligations of the Issuer;

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under this Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer;

"**Issuer Share**" means:

(a) at any time before the Co-Owner Implementation Date, 100%; and

(b) at any time on or after the Co-Owner Implementation Date, the percentage determined in accordance with the applicable Co-Owner Agreement;

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time;

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind;

"**Management Agreement**" means the management agreement dated ■, 2017 between the Manager and the Issuer;

"**Manager**" means OPG, in its capacity as manager of the Issuer, and any successor appointed in accordance with the Management Agreement;

"**Minister**" means the Minister of Energy or such other member of the Executive Council as may be assigned the administration of the Act under the *Executive Council Act*;

"**Monthly Carrying Costs**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Carrying Costs Statement**" has the meaning ascribed thereto in Section 3.13(b);

"**Monthly Report**" has the meaning ascribed thereto in Section 3.4(a);

"**Officer's Certificate**" means a certificate signed by a Responsible Officer of the Issuer under the circumstances described in, and otherwise complying with, the applicable requirements of Section **[10.01]** of the Indenture;

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario;

"**Opinion of Counsel**" means one or more written opinions of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party;

"**Permitted Successor**" means any successor to the IESO under the Act, whether pursuant to any bankruptcy, reorganization or other insolvency proceeding or pursuant to any merger, conversion, acquisition, sale or transfer, by operation of law, as a result of any restructuring, or otherwise, but only to the extent such successor is approved by the Minister;

"**Permitted Transfer**" means (i) a Transfer to the Issuer pursuant to this Agreement; and (ii) a Transfer to a person who has entered into a Co-Owner Agreement with, inter alia, the Issuer.

"**Person**" means any individual, corporation, limited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority;

"Prescribed Period" has the meaning ascribed thereto in Section 3.13(a);

"**Proceeding**" means any suit in equity, action at law or other judicial or administrative proceeding;

"**Program Agreements**" has the meaning ascribed thereto in the Indenture;

"**Purchase Price**" has the meaning ascribed thereto in Section 2.1(c);

"**Rating Agency**" has the meaning ascribed thereto in the Indenture;

"**Rating Agency Condition**" has the meaning ascribed thereto in the Indenture;

"**Records**" has the meaning ascribed thereto in Section 7.1;

"**Regulations**" means Ontario Regulation 206/17: General, together with any other regulations promulgated under the Act;

"**Regulatory Asset**" has the meaning ascribed thereto in the recitals;

"**Remittance Date**" means, in respect of each Billing Period, the **[18th]** Business Day following the last day of each Billing Period;

"**Required Servicer Rating**" means rating of "Baa3" or higher by Moody's Investors Service, Inc. (or any successor thereof) and a rating of "BBB(low)" or higher by DBRS Limited (or any successor thereof);

"**Requirement of Law**" means any foreign, Canadian federal, provincial or local laws, statutes, regulations, rules, codes or ordinances enacted, adopted, issued or promulgated by any Governmental Authority or common law;

"**Responsible Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Servicer, any authorized director or officer of the IESO; and (c) a Successor Servicer, any authorized director or officer of the Successor Servicer;

"**Servicer**" means the Independent Electricity System Operator, as Servicer under this Agreement, or any Successor Servicer to the extent permitted under this Agreement;

"**Servicer CEA Receipts**" has the meaning ascribed thereto in Section 3.3(e);

"**Servicer Default**" has the meaning ascribed thereto in Section 7.1;

"**Specified Consumer**" has the meaning ascribed to the term "specified consumer" in the Act;

"**Specified Creditors**" has the meaning ascribed thereto in the Indenture;

"**Specified Portion**" means, in respect of the Regulatory Asset and any Transfer, the portion of the Regulatory Asset subject to such Transfer, as set out in the applicable Transfer Notice.

"**Successor Servicer**" has the meaning ascribed thereto in Section **[3.07(e)]** of the Indenture;

"**Supplemental Indenture**" means an indenture supplemental to the Indenture that authorizes the incurrence of Funding Obligations;

"**Termination Event**" has the meaning ascribed thereto in Section 3.9;

"**Termination Notice**" has the meaning ascribed thereto in Section 7.1;

"**Transfer**" has the meaning ascribed to the term "transfer" in Section 1(3) of the Act, and "**Transferred**" has a corresponding meaning;

"**Transfer Notice**" means a Transfer Notice in respect of a Transfer substantially in the form of Exhibit A to this Agreement and delivered pursuant to Section 2.1(c) of this Agreement; and

"**Transferor**" means the Independent Electricity System Operator, as transferor under this Agreement;

1.2 Sections and Headings[1]

The table of contents does not form part of this Agreement. The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Extended Meanings

(a) Words importing the singular number only will include the plural and vice versa and words importing the masculine gender will include the feminine and neuter genders and vice versa. A reference to any agreement, instrument or declaration

[1] ~~Torys to conform boilerplate provisions, as applicable, across all transaction documents.~~

means such agreement, instrument or declaration as the same may be amended, supplemented, modified, restated or replaced from time to time.

(b) The term "**including**" means "including without limitation", and other forms of the verb "**include**" have correlative meanings.

(c) All references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities.

(d) Unless otherwise stated, in the computation of a period of time from a specified date to a later specified date, the word "**from**" means "**from and including**" and each of the words "**to**" and "**until**" means "**to but excluding**".

(e) The words "**hereof**", "**herein**" and "**hereunder**" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless otherwise specified. References to Articles, Sections, Appendices and Exhibits in this Agreement are references to Articles, Sections, Appendices and Exhibits in or to this Agreement unless otherwise specified.

(f) References to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor.

(g) The word "**will**" shall be construed to have the same meaning and effect as the word "**shall**". The word "**or**" is not exclusive.

ARTICLE 2
TRANSFER OF SPECIFIED PORTIONS OF THE REGULATORY ASSET

2.1 Transfer Notices and Agreement to Transfer Specified Portions of the Regulatory Asset

(a) The Transferor shall determine the IESO Deferral as required by Section 23(1) of the Act and the Regulations.

(b) The Transferor shall maintain the Fair Hydro Variance Account as required by Section 24 of the Act and the Regulations.

(c) The Transferor may, no more frequently than monthly and no later than the 8th Business Day of any calendar month, offer to Transfer to the Issuer a Specified Portion of the Regulatory Asset by providing to the Issuer a Transfer Notice executed by the Transferor and setting out (i) the Specified Portion of the Regulatory Asset that the Transferor is offering to Transfer to the Issuer, (ii) the consideration to be paid to the Transferor by the Issuer for the Transfer (the "**Purchase Price**") which shall be equal to the amount of such Specified Portion of the Regulatory Asset, (iii) the Closing Date to effect such transfer which shall be no earlier than the **[5th]** Business Day after the delivery of the Transfer Notice and no later than the last Business Day of the calendar month in which the Transfer Notice was delivered, or such other Business Day as may be agreed by the Transferor and the Issuer, and (iv) such other information as required in the form of Transfer Notice attached as Exhibit A hereto.

(d) On or before the 2nd Business Day following receipt of a Transfer Notice, the Issuer shall have the right, but not the obligation, to accept the Transferor's offer to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice by executing and returning such Transfer Notice to the Transferor. Upon acceptance by the Issuer of the Transfer Notice, there shall be a binding agreement for IESO to Transfer the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and for the Issuer to pay the Purchase Price, subject to satisfaction of all conditions precedent in Section 2.2.

(e) Provided that all conditions precedent set out in Section 2.2 have been satisfied on or prior to the applicable Closing Date, on the applicable Closing Date, the Issuer shall deliver or cause to be delivered to the Transferor, by bank wire transfer or bank electronic funds transfer, in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set forth in the applicable Transfer Notice. The Transferor agrees that receipt by the Transferor of the payment referred to in this Section 2.1(e) is receipt by the Transferor of a payment referred to in Section 26(3) of the Act.

(f) Upon receipt by the Transferor of the payment referred to in Section 2.1(e), the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price received and shall retain no further right, title or interest in the Issuer Investment Interest corresponding to the Specified Portion of the Regulatory Asset Transferred.

(g) The parties state that they intend that this Agreement, together with each Transfer Notice accepted by the Issuer, constitute an agreement, for purposes of Section 27(2) of the Act for the Transferor to dispose, upon receipt by the Transferor of the payment referred to in Section 2.1(e), of the Specified Portion of the Regulatory Asset referred to in the Transfer Notice and to assign, convey or sell a corresponding Investment Interest to the Issuer.

2.2 Conditions Precedent to each Transfer of a Specified Portion of the Regulatory Asset

(a) The obligation of the Issuer to pay the Purchase Price related to the initial Transfer of a Specified Portion of the Regulatory Asset shall be subject to the satisfaction by the Transferor, or waiver by the Issuer, of the following conditions:

(i) the Issuer shall have received from the Transferor the following documents, in form and substance satisfactory to the Issuer:

(A) a certificate of an officer of the IESO, dated the initial Closing Date certifying (1) that attached thereto is a true and complete copy of the by-laws of the IESO, each as in effect on the date of such certificate, (2) that attached thereto is a true and complete copy of a resolution adopted by the IESO's board of directors authorizing the execution, delivery and performance of this Agreement and the performance by the IESO of its obligations hereunder, and that such resolution has not been modified, rescinded or amended and is in full force and effect, and (3) as to the incumbency and true specimen signature of each of the IESO officers or delegates executing this Agreement and authorized to give notices and instructions hereunder (which can be changed by notice hereunder); and

(B) the Transferor shall have delivered to the Rating Agencies and the Issuer any Opinions of Counsel reasonably required by them. **[NTD: Scope of opinions required to be confirmed by the Dealers and their counsel]**

(b) The obligation of the Issuer to pay the Purchase Price related to each Transfer of a Specified Portion of the Regulatory Asset (including the initial Transfer) shall be subject to the satisfaction or waiver by the Issuer of each of the following conditions:

(i) as of the applicable Closing Date, all Program Agreements shall have been entered into on terms and conditions satisfactory to the Issuer and shall be in full force and effect as of such Closing Date;

(ii) as of the applicable Closing Date, no Insolvency Event in respect of the Transferor shall have occurred and the Transferor is not aware of any pending Insolvency Event with respect to itself;

(iii) as of the applicable Closing Date, (A) the representations and warranties of the IESO in this Agreement must be true and correct with the same

force and effect as if made on that date (except to the extent they relate to an earlier date), (B) no breach of any covenant or agreement of the IESO contained in this Agreement shall have occurred be continuing, and (C) no Servicer Default shall have occurred and be continuing;

(iv) the Transferor shall have delivered to the Issuer an Officer's Certificate confirming the satisfaction of each condition precedent specified in Sections 2.2(b)(ii) and (iii);

(v) as of the applicable Closing Date, (A) the Issuer shall have sufficient funds available to pay the Purchase Price as set forth in the applicable Transfer Notice, (B) all conditions to any incurrence of Funding Obligations intended to provide such funds set forth in the Indenture (and any applicable Supplemental Indenture) or other instrument shall have been satisfied or waived, (C) the Rating Agency Condition in respect of the issuance of the Funding Obligations funding the payment of the Purchase Price shall have been satisfied, and (D) the Funding Obligation required to fund the payment of the Purchase Price shall have been issued at the same time as, or prior to, the Transfer; and

(vi) **immediately** after giving effect to the Transfer, each of the Fair Hydro Variance Account and the Regulatory Asset will have a balance or amount, as applicable, equal to or greater than zero.

ARTICLE 3
ROLE OF THE SERVICER

3.1 Designation of Servicer

Each Transfer of a Specified Portion of the Regulatory Asset shall be made on the basis that the related Issuer Investment Interest shall be serviced by the Servicer in accordance with this Article 3, and the IESO or any Permitted Successor of the IESO that is the Servicer shall not be entitled, except as otherwise provided in this Agreement or agreed by the Parties, to receive any further compensation from the Issuer for its services in connection therewith. The Servicer agrees to perform the duties and obligations of the Servicer pursuant to the terms hereof at no additional cost to the Issuer.

3.2 Forecasts and Other Information

The IESO shall:

(a) provide to the Board the forecast information contemplated by Section 8(3) of the Regulations;

(b) provide to the Issuer the forecast information provided to the Board pursuant to Section 3.2 (a); and

(c) provide to the Issuer such other information and reports as the Issuer may reasonably request in connection with the calculation of the Clean Energy Adjustments, **that is in the possession or control of the Transferor or** which is ~~reasonably~~ available **on request** to the Transferor, can lawfully be provided and can be provided without incurring material incremental expense.

3.3 Clean Energy Adjustments and Electricity Vendors

The Servicer shall:

(a) prior to receiving Servicer CEA Receipts, establish an Eligible Deposit Account (the "**IESO Segregated Account**") bearing a designation indicating that the funds deposited therein are held in trust for the benefit of the Issuer and, after the Co-Owner Implementation Date, for the benefit of any other owner or owners of an Investment Interest. If at any time the IESO Segregated Account ceases to be an Eligible Deposit Account, the Servicer shall within 30 days establish a new IESO Segregated Account as an Eligible Deposit Account and shall transfer any cash and/or any investments held in the former account to such new account and make all future deposits to such new account;

(b) prior to the first Billing Period when amounts are invoiced by Electricity Vendors to Specified Consumers in respect of Clean Energy Adjustments:

(i) provide guidance to the Electricity Vendors with respect to their obligations under the Act to establish a segregated account into which Electricity Vendor CEA Collections are to be deposited as required by Section 10(2) of the Regulations;

(ii) provide a suggested form of Electricity Vendor Billing Period Report to be used by such Electricity Vendors;

(iii) provide guidance with respect to the establishment by the Electricity Vendors of procedures for the invoicing by such Electricity Vendor of amounts in respect of the Clean Energy Adjustment, the identification, deposit and segregation of Electricity Vendor CEA Collections, the remittance of Electricity Vendor CEA Collections to the Servicer and reporting to the Servicer; and

(iv) respond to inquiries from Electricity Vendors with respect to such forms and guidance.

(c) request certification from each Electricity Vendor that the segregated account required by Section 10(2) of the Regulations has been established by that Electricity Vendor;

(d) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive Electricity Vendor CEA Collections from Electricity Vendors;

(e) as agent of the Issuer and, after the Co-Owner Implementation Date, as agent of any other owner or owners of an Investment Interest, receive any amounts in respect of Clean Energy Adjustments payable directly by Specified Consumers to the Servicer (such amounts, together with the amounts referred to in Section 3.3(d), the "**Servicer CEA Receipts**");

(f) deposit the Servicer CEA Receipts into the IESO Segregated Account promptly following receipt by the Servicer and, in any event, within two Business Days of receipt by the Servicer and the Issuer Share of such Servicer CEA Receipts shall remain in the IESO Segregated Account until remitted in accordance with Section 3.5;

(g) respond to inquiries by Electricity Vendors with respect to the Clean Energy Adjustment and amounts payable in respect thereof;

(h) request from each Electricity Vendor an Electricity Vendor Billing Period Report in respect of each Billing Period during which Clean Energy Adjustments are billed to Specified Consumers; such report to be requested to be delivered within twelve Business Days of the end of each Billing Period;

(i) review each Electricity Vendor Billing Period Report received by the Servicer for material manifest discrepancies, including any discrepancy between the Electricity Vendor CEA Collections reported in respect of the Billing Period and the amount received pursuant to Section 3.3(d)**, and such other discrepancies as may be agreed by the parties hereto, acting reasonably**;

(j) contact each Electricity Vendor:

(i) that does not deliver an Electricity Vendor Billing Period Report in respect of a Billing Period where Clean Energy Adjustments were payable by Specified Consumers;

(ii) from which no Electricity Vendor CEA Collections are received in respect of the Billing Period,

(iii) for whom Electricity Vendor CEA Collections do not match the amount thereof reported in its Electricity Vendor Billing Period Report, or

(iv) that has not certified that it has established the segregated account required by Section 10(2) of the Regulations,

in each case, to remind them of their obligations under the Act and the Regulations and, in the case of Electricity Vendor CEA Collections that do not match the amount thereof reported in the Electricity Vendor Billing Period Report, to request an explanation of the discrepancy;

(k) hold the Issuer Share of Servicer CEA Receipts and the Issuer Share of any other proceeds in respect of the Clean Energy Adjustment received by it in trust for the

benefit of the Issuer and remit such amounts in accordance with Section 3.5 without any surcharge, fee, offset, charge or other deduction.

3.4 Reporting

The Servicer shall:

(a) on or before the 20th Business Day following the end of each Billing Period, prepare and deliver to the Issuer a written report substantially in the form of Exhibit B (a "**Monthly Report**");

(b) Report monthly to the Issuer any failure on the part of Electricity Vendors to deliver, remit or certify referred to in (j)(i), (ii) or (iv) which has not been remedied as a result of the contact made by the IESO pursuant to Section 3.3(j) or any discrepancy referred to in (j)(ii), and the explanation provided therefor by the Electricity Vendor.

(c) promptly notify the Issuer in writing of any Requirement of Law hereafter adopted or announced or the occurrence of any other event or circumstance of which it becomes aware that has a material adverse effect on the Servicer's ability to perform its duties and obligations under this Agreement; and

(d) upon the reasonable request of the Issuer provide to the Issuer any public financial information in respect of the Servicer, or any material information regarding the Clean Energy Adjustment, to the extent it is reasonably available to the Servicer, and as may be reasonably necessary and permitted by law, to enable the Issuer to monitor the performance by the Servicer of its duties and obligations hereunder.

3.5 Remittances

(a) The Issuer shall provide the Servicer with notice of the Collection Account at least ~~[five]~~**ten** Business Days prior to the first Remittance Date and shall provide the Servicer with notice of any change to the Collection Account at least ~~[five]~~**ten** Business Days prior to any subsequent Remittance Date.

(b) Absent the occurrence of a Daily Remittance Event, the Issuer Share of Servicer CEA Receipts received by the Servicer and any interest earned thereon received ~~during a Billing Period~~**on or subsequent to a Remittance Date** shall be remitted by the Servicer to the Collection Account no later than the ~~Remittance Date~~ immediately following ~~such Billing Period~~**Remittance Date**.

(c) Following the occurrence of a Daily Remittance Event, the Issuer Share of all Servicer CEA Receipts on deposit in the IESO Segregated Account and any interest earned thereon shall be remitted by the Servicer to the Collection Account on the second following Business Day.

3.6 Limits to Obligations

Notwithstanding anything to the contrary in this Agreement, the parties hereto agree the duties, liabilities and obligations of IESO under this Agreement are limited as provided in this Section 3.6.

(a) IESO is not responsible for, or in respect of, any amounts not collected by Electricity Vendors from their customers or not remitted by Electricity Vendors to the Servicer.

(b) IESO is not responsible to confirm, verify or audit the amount of the Clean Energy Adjustment invoiced by Electricity Vendors or the Electricity Vendor CEA Collections collected by Electricity Vendors and reported to the IESO;

(c) IESO is not responsible for enforcing the obligations of Specified Consumers to pay, or the obligations of Electricity Vendors to invoice, collect or remit Clean Energy Adjustments or any other amounts, and IESO is under no obligation to initiate or prosecute any legal action relating to the collection of the Clean Energy Adjustments or the Issuer Investment Interest.

(d) IESO shall not be responsible or liable for the performance by Electricity Vendors of their duties and responsibilities under the Act or the Regulations including (i) the invoicing of Specified Consumers in respect of the Clean Energy Adjustment and ancillary matters related thereto; (ii) the collection from Specified Consumers of amounts due in respect of such invoices and the remittance of such payments to the Servicer; (iii) the accuracy of any information provided by the Electricity Vendors; and (iv) any reporting by the Electricity Vendors, including the reporting to the Servicer of the total CEA Consumer Invoice Amounts invoiced by such Electricity Vendor to its Specified Consumers in respect of the Clean Energy Adjustment, the total Electricity Vendor CEA Collections received by such Electricity Vendor and the Issuer Share of Electricity Vendor CEA Collections received by such Electricity Vendor.

(e) IESO is under no responsibility or obligation to the Issuer with respect to the nature or extent of the Issuer Investment Interest, the collectability of the Issuer Share of Servicer CEA Receipts or that the Issuer Share of Servicer CEA Receipts will be sufficient to satisfy the Issuer's Funding Obligations.

(f) IESO may rely in good faith on the advice of counsel or on any document of any kind, prima facie properly executed and submitted by any Person, respecting any matters arising under this Agreement.

(g) IESO shall have no liability or responsibility to any Person in respect of any forecasts or other information provided pursuant to Section 3.2, provided only that such forecasts or other information has been prepared and provided in good faith.

(h) None of the directors, officers, employees or agents of IESO shall be liable to the Issuer or any other Person for any action taken or for refraining from the

taking of any action pursuant to this Agreement or for good faith errors in judgment.

3.7 Servicing and Maintenance Standards

Subject to Section 3.6, the Servicer shall discharge its duties, responsibilities and obligations hereunder with reasonable care and in material compliance with the Requirements of Law, including the Act and the Regulations and, in doing so, shall follow standards, policies and procedures in performing its duties as Servicer hereunder that are customary for an electricity market operator and administrator that regularly performs settlement functions.

3.8 Appointments

The Servicer may at any time appoint any Person to act as its agent to perform all or any portion of its obligations as Servicer hereunder; provided however, that the Rating Agency Condition shall have been satisfied in connection therewith; and provided further that the Servicer shall remain obligated and be liable for the performance of its obligations under this Agreement without diminution of such obligation and liability by virtue of the appointment of such Person and to the same extent and under the same terms and conditions as if the Servicer alone were performing such obligations. The fees and expenses of any such Person shall be as agreed between the Servicer and such Person from time to time, and the Issuer shall not have any responsibility therefor or right or claim thereto. Any such appointment shall not constitute a resignation of the Servicer under Section 3.10.

3.9 Term

The Servicer's appointment as Servicer under this Agreement shall become effective as of the execution hereof and shall continue in full force and effect until the earlier of (a) the effective date of resignation of the Servicer in accordance with the provisions of this Agreement, (b) termination of all of the rights and obligations of the Servicer under Article 7, and (c) the date on which all Issuer Funding Obligations have been paid in full and all CEA Consumer Invoice Amounts have been received or written off (in each case, a "**Termination Event**"). The appointment of the Servicer as servicer under this Agreement shall be terminated effective as of the date of the Termination Event.

3.10 Resignation of Servicer

The IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and the Rating Agencies at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and the Rating Agencies concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has

assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.11 Mergers

Any Person (a) into which the Servicer may be merged, converted or amalgamated and that is a Permitted Successor, (b) that may result from any merger, conversion or amalgamation to which the Servicer shall be a party and that is a Permitted Successor, (c) that may succeed to the properties and assets of the Servicer substantially as a whole and that is a Permitted Successor, or (d) that otherwise is a Permitted Successor, which Person in any of the foregoing cases executes an agreement of assumption to perform all of the obligations of the Servicer hereunder, shall be the successor to the Servicer under this Agreement without further act on the part of any of the parties to this Agreement; provided, however, that (i) immediately after giving effect to such transaction, no representation or warranty made pursuant to Section 4.1 shall have been breached and no Servicer Default and no event that, after notice or lapse of time, or both, would become a Servicer Default shall have occurred and be continuing, (ii) the Servicer shall have delivered to the Issuer an Officer's Certificate and an Opinion of Counsel from external counsel stating that such consolidation, conversion, merger or succession and such agreement of assumption complies with this Section 3.11 and that all conditions precedent, if any, provided for in this Agreement relating to such transaction have been complied with, and (iii) the Servicer shall have given to the Issuer prior written notice of such transaction. When any Person that is a Permitted Successor acquires the properties and assets of the Servicer substantially as a whole or otherwise becomes the successor, by merger, conversion, consolidation, sale, transfer, lease or otherwise, to all or substantially all the assets of the Servicer in accordance with the terms of this Section 3.11, then, upon satisfaction of all of the other conditions of this Section 3.11, the preceding Servicer shall automatically and without further notice be released from all of its obligations hereunder (except for responsibilities for its actions prior to such release).

3.12 The IESO Not to Resign as Servicer

Subject to the provisions of Section 3.11, the IESO shall not resign from the obligations and duties imposed on it as Servicer under this Agreement except upon a determination that the performance of its duties under this Agreement shall no longer be permissible under applicable Requirements of Law. Notice of any such determination permitting the resignation of the IESO as Servicer shall be communicated to the Issuer and each Rating Agency at the earliest practicable time (and, if such communication is not in writing, shall be confirmed in writing at the earliest practicable time), and any such determination shall be evidenced by an Opinion of Counsel to such effect delivered to the Issuer and each Rating Agency concurrently with or promptly after such notice. No such resignation shall become effective until a Successor Servicer that is a Permitted Successor has assumed the servicing obligations and duties hereunder of the Servicer in accordance with Section 7.2.

3.13 IESO Regulatory Obligation to Pay Carrying Costs

(a) ~~During the period~~**The IESO acknowledges that it has an obligation to pay monthly Carrying Costs pursuant to the Regulations for the** prescribed

~~by~~**period set out in the** Regulations (the "**Prescribed Period**")~~, the IESO shall, as required~~ **and agrees to comply with its obligations** under the Regulations~~,~~ **to** pay and remit **the Carrying Costs** to the Issuer on a monthly basis~~ the Carrying Costs~~.

(b) On or before the 4th Business Day of each calendar month during the Prescribed Period, the Issuer shall prepare and deliver to the IESO a written statement substantially in the form of Exhibit C (a "**Monthly Carrying Costs Statement**") certifying the amount of the Carrying Costs incurred in the preceding calendar month ("**Monthly Carrying Costs**"). If requested by the IESO, the Issuer shall, in lieu of providing the Monthly ~~Carry~~**Carrying** Costs Statement, enter the amount of the Monthly Carrying Costs in the IESO operated portal, or such other similar facility operated by the IESO**, and such entry shall be deemed to be a certification of the accuracy of the amount entered**.

(c) On or before the [14th] Business Day following receipt by the IESO of the Monthly Carrying Costs Statement, the IESO shall, as required under the Regulations, deliver or cause to be delivered to the Issuer, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Monthly Carrying Costs certified by the Issuer in the applicable Monthly Carrying Costs Statement.

3.14 IESO Security for CEA Remittances

If required by the Issuer, the IESO shall provide to the Issuer, on or prior to the first day of the first Billing Period when amounts are invoiced to Specified Consumers in respect of Clean Energy Adjustments, a letter of credit in an amount equal to $■, or such other form of security as may be acceptable to the Issuer, as security for any failure of Electricity Vendors~~,~~ **which are either not rated or are rated less than investment grade** to remit their Electricity Vendor CEA Collections.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE IESO

4.1 Representations and Warranties

Subject to Section 3.6, the IESO makes the following representations and warranties as of the date hereof and as of each applicable Closing Date, and the IESO acknowledges that the Issuer will rely thereon in paying the Purchase Price related to Transfers of Specified Portions of the Regulatory Asset, and the Issuer has relied thereon in entering into this Agreement relating to the servicing of the corresponding Investment Interests.

(a) Organization and Good Standing. The IESO is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite corporate

power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it.

(b) Due Qualification. The IESO has obtained all necessary licences and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including acting as Servicer under this Agreement) shall require such licences or approvals, except where the failure to so qualify or obtain such licences and approvals would not be reasonably likely to have a material adverse effect on the IESO's business, operations, assets, revenues or properties, the Regulatory Asset or the servicing of related Investment Interests.

(c) Power and Authority. The IESO has the requisite corporate power and authority to execute and deliver this Agreement and to carry out its terms. The IESO has full corporate power and authority to hold the Regulatory Asset and to Transfer Specified Portions of the Regulatory Asset to the Issuer and the IESO has duly authorized such Transfer to the Issuer by all necessary corporate action. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary corporate action on the part of the IESO under all applicable laws.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the IESO, enforceable against the IESO in accordance with its terms, subject to bankruptcy, receivership, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect and to general principles of equity (including concepts of materiality, reasonableness, good faith and fair dealing).

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms hereof by the IESO do not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time, or both) a default under, the IESO's by-laws, or any indenture, or other material agreement or instrument to which the IESO is a party or by which it is bound, result in the creation or imposition of any Lien upon any of the IESO's properties pursuant to the terms of any such indenture, agreement or other instrument or violate any existing law or any order, rule or regulation applicable to the IESO issued by any Governmental Authority having jurisdiction over the IESO or its properties, except, in each case, where such breach would not reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under~~,~~ **this Agreement** or the Act or the validity or enforceability of~~,~~ this Agreement ~~or the Act~~.

(f) No Proceedings. To the IESO's knowledge, except as disclosed in writing to the Issuer, there are no Proceedings pending or threatened against the IESO or its properties: (a) asserting the invalidity of this Agreement or the Act, (b) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or the Act, or (c) seeking a determination or ruling that could reasonably be expected to materially and adversely affect the performance by the IESO of its obligations under~~,~~ **this Agreement or the Act** or the validity or enforceability of~~,~~ this Agreement ~~or the Act~~.

(g) Approvals. No approvals, authorizations, consents, orders or other actions or filings with any Governmental Authority are required for the IESO to execute, deliver and perform its obligations under this Agreement except those which have previously been obtained or made.

(h) Information. Except in respect of information provided by a third party, all written information, as amended or supplemented from time to time, provided by the Transferor to the Issuer with respect to the Issuer in a Transfer Notice and a Monthly Report is true and correct in all material respects and does not omit any material fact.

(i) The Transfer. After the completion of the Transfer on the applicable Closing Date, the IESO will have no right, title or interest in the Investment Interest related to the Specified Portion of the Regulatory Asset as set forth in the applicable Transfer Notice, and the related Investment Interest shall not form part of the estate of the IESO in the event of an Insolvency Event in respect of the IESO.

(j) No Transfer. Except for Permitted Transfers, the IESO has not sold, transferred, assigned or otherwise conveyed any interest in the Regulatory Asset to any Person.

(k) Liens. IESO has not pledged or otherwise granted a Lien to any Person in the Regulatory Asset and to the IESO's knowledge (after due inquiry), there is no registered financing statement listing the IESO as debtor covering or extending to the Regulatory Asset.

(l) Tax Liens. The IESO (i) is not aware, after due inquiry, of any judgment or tax lien filing against the IESO, and (ii) is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada).

(m) Solvency. On the date hereof and after giving effect to each Transfer, the IESO:

(i) reasonably believes that it will be able to pay its debts as they come due; and

(ii) is able to pay its debts as they mature and does not intend to incur, or believes that it will not incur, indebtedness that it will not be able to repay at its maturity.

(n) No Court Order. There is no order by any court that seeks to enjoin the performance of any obligations of the IESO under the Act or this Agreement.

4.2 Survival

The representations and warranties set forth in Section 4.1 shall survive the execution and delivery of this Agreement, each Transfer of a Specified Portion of a Regulatory Asset to the Issuer and the pledge of the corresponding Investment Asset to the Indenture Trustee pursuant to the Indenture and may not be waived by any party hereto except pursuant to a written agreement executed in accordance with Section 8.1 and as to which the Rating Agency Condition has been satisfied.

ARTICLE 5
COVENANTS OF THE IESO

5.1 Existence

So long as any Issuer Funding Obligations are outstanding, the IESO (a) shall not take any action to impair its corporate existence, and (b) will obtain and preserve its qualification to do business in the Province of Ontario.

5.2 No Transfer or Liens

Except for Transfers under this Agreement to the Issuer or Permitted Transfers, the IESO will not Transfer the Regulatory Asset or any portion thereof to any person. The IESO will not grant, create, incur, assume or suffer to exist any Lien on the Regulatory Asset or any portion thereof. The IESO will not at any time assert any Lien against or with respect to the Issuer Investment Interest**, except for any Lien granted by the Issuer to the IESO**.

5.3 Notice of Liens

The IESO shall notify the Issuer promptly after becoming aware of any Lien on any portion of the Regulatory Asset.

5.4 Compliance with Law

The IESO will comply with all Requirements of Law applicable to, and binding upon, the IESO or relating to the Regulatory Asset, except to the extent that failure to so comply would not materially adversely affect the Transfer of Specified Portions of the Regulatory Asset or the IESO's performance of its obligations under this Agreement; provided, however, that the foregoing is not intended to, and shall not, impose any liability on the IESO for non-compliance with any Requirement of Law that the IESO is contesting in good faith in accordance with its customary standards and procedures.

5.5 Covenants Related to the Investment Interest

(a) So long as any Issuer Funding Obligations are outstanding, the IESO shall treat the Issuer Investment Interest as the Issuer's property for all purposes.

(b) Except for ~~passive~~ investments held for employee benefit purposes, the IESO shall not at any time become a holder of Issuer Funding Obligations.

(c) The IESO shall disclose the effects of all transactions between the IESO and the Issuer in accordance with generally accepted accounting principles (for government entities).

(d) (i) In all Proceedings relating directly or indirectly to the Issuer Investment Interest, the IESO shall affirmatively certify and confirm that it has Transferred all of its rights and interests in and to the Specified Portions of the Regulatory Asset giving rise to the Issuer Investment Interest, (ii) the IESO shall not make any statement or reference in respect of the Issuer Investment Interest that is inconsistent with the ownership interest of the Issuer, and (iii) the IESO shall not take any action in respect of the Issuer Investment Interest except solely in its capacity as the Servicer thereof pursuant to this Agreement.

5.6 Non-petition Covenants

Notwithstanding any prior termination of this Agreement or the Indenture, the IESO shall not, prior to the date that is one year plus one day after termination of the Indenture and the payment in full of all Issuer Funding Obligations and any other amounts owed under the Indenture, petition or otherwise invoke the process of any Governmental Authority for the purpose of commencing or sustaining a Proceeding against the Issuer under any Canadian bankruptcy, insolvency or similar law, appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official or any substantial part of the property of the Issuer.

5.7 Disclosure

The IESO shall provide such non-confidential information regarding IESO, the Regulatory Asset and the services provided by the Servicer hereunder (collectively, the "**IESO Disclosure**") as may be reasonably requested by the Issuer for inclusion in any offering document of the Issuer from time to time, including but not limited to offering memoranda, prospectuses, registration statements and continuous disclosure documents (the "**Offering Documents**"), provided that the IESO has been given a reasonable opportunity by the Issuer to review any such Offering Documents. The IESO represents that, except in respect information provided by a third party, all IESO Disclosure, as at the respective dates of delivery to the Issuer, is true and correct in all material respects and contains no misrepresentation.

5.8 Further Assurances

Upon the request of the Issuer, the IESO shall execute and deliver such further instruments and do such further acts as may reasonably be necessary to carry out the provisions and purposes of this Agreement.

5.9 Access to Certain Records and Information

The IESO shall provide to the Issuer access to all records relating to the IESO Deferral, the Fair Hydro Variance Account, the IESO Segregated Account and Servicer CEA Receipts, as is reasonably required for the Issuer to confirm compliance by the IESO with its obligations under this Agreement. Access shall be afforded without charge, but only upon reasonable request and during normal business hours at the offices of the IESO. Nothing in this Section 5.9 shall affect the obligation of the IESO to comply with any Requirement of Law prohibiting disclosure of information, and the failure of the IESO to provide access to such information as a result of such obligation shall not constitute a breach of this Section 5.9.

5.10 Maintenance of Operations

Subject to Section 3.11, the IESO agrees to continue, unless prevented by circumstances beyond its control, to operate as the electricity system operator in the Province of Ontario so long as it is acting as the Servicer under this Agreement.

~~**5.11 Acknowledgement of Indenture**~~

~~The IESO acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Indenture.~~

ARTICLE 6
IESO INDEMNITIES

6.1 Liability of the IESO; Indemnities

(a) The IESO shall indemnify the Issuer~~, the Manager~~ and each of ~~their respective~~**its** trustees, officers, directors and employees (each, an "**Indemnified Party**"), for, and defend and hold harmless each such Person from and against, any and all liabilities, obligations, losses, damages, payments and claims, and reasonable costs or expenses, of any kind whatsoever (collectively, "**Indemnified Losses**") imposed on, incurred by or asserted against such Person, as a result of (i) the failure of the IESO to perform its covenants and other obligations under this Agreement or any other Program Agreement to which the IESO is a party; or (ii) the breach by the IESO of any of its representations or warranties under this Agreement or any other Program Agreement to which the IESO is a party and, except to the extent of Indemnified Losses resulting from the willful misconduct, bad faith or gross negligence of such Person seeking indemnification hereunder; provided that, in each case, the IESO shall not be required to indemnify an Indemnified Party for any amount paid or payable by such Indemnified Party in the settlement of any Proceeding or investigation without the written consent of the IESO, which consent shall not be unreasonably withheld. Promptly after receipt by an Indemnified Party of notice of the commencement of any Proceeding or investigation, such Indemnified Party shall, if a claim in respect thereof is to be made against the IESO under this Section 6.1(a), notify the IESO in writing of the commencement thereof. Failure by an Indemnified Party to so notify the IESO shall relieve the IESO from the obligation to indemnify and hold harmless such Indemnified Party under this Section 6.1(a) only to the extent that the IESO suffers actual prejudice as a result of such failure. With respect to any Proceeding or investigation brought by a third party for which indemnification may be sought under this Section 6.1(a), the IESO shall be entitled to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to such Indemnified Party, the defence of any such Proceeding or investigation (in which case the IESO shall not thereafter be responsible for the fees and expenses of any separate counsel retained by the Indemnified Party except as set forth below); provided, that the Indemnified Party shall have the right to participate in such Proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the IESO's election to assume the defence of any Proceeding or investigation, the Indemnified Party shall have the right to employ separate counsel, and the IESO shall bear the reasonable fees, costs and expenses of such separate counsel, if (i) the defendants in any such action include both the Indemnified Party and the IESO and the Indemnified Party shall have reasonably concluded that there may be legal defences available to it that are different from or additional to those available to the IESO, (ii) the IESO shall not have employed

counsel reasonably satisfactory to the Indemnified Party to represent the Indemnified Party within a reasonable time after notice of the institution of such action, or (iii) the IESO authorizes the Indemnified Party to employ separate counsel at the expense of the IESO. Notwithstanding the foregoing, the IESO shall not be obligated to pay for the fees, costs and expenses of more than one separate counsel for the Indemnified Parties other than one local counsel, if appropriate. The IESO will not, without the prior written consent of the Indemnified Party, settle or compromise or consent to the entry of any judgment with respect to any pending or threatened claim or Proceeding in respect of which indemnification may be sought under this Section 6.1(a) (whether or not the Indemnified Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Indemnified Party from all liability arising out of such claim or Proceeding.

(b) For purposes of Section 6.1(a), in the event of the termination of the rights and obligations of the IESO (or any successor thereto pursuant to Section 3.11) as Servicer pursuant to Section 7.1, or a resignation by such Servicer pursuant to Section 3.10 of this Agreement, the IESO shall be deemed to be the Servicer pending appointment of a Successor Servicer pursuant to Section 7.2.

(c) Indemnification under Section 6.1(a) shall include reasonable out-of-pocket fees and expenses of investigation and litigation (including reasonable legal fees and expenses), except as otherwise expressly provided in this Agreement.

(d) Indemnification under this Section 6.1 shall survive any repeal of, modification of, or supplement to, or judicial invalidation of, the Act and shall survive the termination of this Agreement and will rank *pari passu* with other general, unsecured obligations of the IESO.

(e) The IESO shall not be required to indemnify any party under this Section 6.1 for any losses resulting from changes in law after the date hereof, whether such changes in law are effected by means of any legislative enactment or any final and non-appealable judicial decision.

~~**[Note to Draft: The Indenture Trustee has been removed as a party to this Agreement on the understanding that a separate acknowledgement and indemnity will be entered into between the IESO and the Indenture Trustee in which the IESO acknowledges the Indenture Trustee's right to enforce this Agreement, and in which the IESO provides an similar indemnity to that above in favour of the Indenture Trustee on behalf of the Specified Creditors.]**~~

ARTICLE 7
SERVICER DEFAULT

7.1 Servicer Default

If any one or more of the following events (each, a "**Servicer Default**") shall occur and be continuing:

(a) any failure by the Servicer to remit to the Collection Account any required remittance that shall continue unremedied for a period of **[two/three~~] [NTD: Rating Agencies will expect 2-3 days~~]** Business Days after written notice of such failure is received by the Servicer from the Issuer or after discovery of such failure by a Responsible Officer of the Servicer;

(b) any failure on the part of the Servicer or, so long as the Servicer is the IESO, any failure on the part of the IESO, as the case may be, duly to observe or to perform in any respect any covenants or agreements of the Servicer or the IESO, as the case may be, set forth in this Agreement or in any other Program Agreement to which it is a party (other than as provided in Section 7.1(a)), which failure shall (i) materially and adversely affect the rights of the Specified Creditors and (ii) continue unremedied for a period of 30 days after the date on which (A) written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer or the IESO, as the case may be, by the Issuer or (B) such failure is discovered by a Responsible Officer of the Servicer;

(c) any representation or warranty made by the Servicer in this Agreement, any other Program Agreement to which it is a party, any Transfer Notice or any Monthly Report shall prove to have been incorrect when made, which has a material adverse effect on the Issuer and which remains unremedied for a period of 30 days after the date on which (i) written notice thereof, requiring the same to be remedied, shall have been delivered to the Servicer by the Issuer or (ii) such failure is discovered by a Responsible Officer of the Servicer;

(d) an Insolvency Event occurs with respect to the Servicer or the IESO; or

(e) any additional "Servicer Default" as specified in any Co-Owner Agreement occurs;

then, and in each and every case, the Issuer may, subject to the terms of any Co-Owner Agreement, by notice then given in writing to the Servicer (a "**Termination Notice**"), terminate all the rights and obligations (other than the obligations set forth in Section 6.1 and the obligation under Section 7.2 to continue performing its functions as Servicer until a Successor Servicer is appointed) of the Servicer under this Agreement and under the Co-Owner Agreement. In addition, upon a Servicer Default described in Section 7.1(a), Issuer shall be entitled to apply to a court of appropriate jurisdiction for an order for sequestration and payment of revenues arising with respect to the Issuer. On or after the receipt by the Servicer of a Termination Notice, all authority and power of the Servicer under this Agreement, whether with respect to the Investment

Interest, the Clean Energy Adjustments or otherwise, shall, without further action, pass to and be vested in such Successor Servicer as may be appointed under Section 7.2; and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the predecessor Servicer, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such Termination Notice, whether to complete the transfer of all documents and records related to the Regulatory Asset, the Fair Hydro Variance Account and related documents or records, or otherwise (the "**Records**"). The predecessor Servicer shall cooperate with the Successor Servicer and the Issuer in effecting the termination of the responsibilities and rights of the predecessor Servicer under this Agreement, including the transfer to the Successor Servicer for administration by it of all Records and all cash amounts that shall at the time be held by the predecessor Servicer for remittance, or shall thereafter be received by it with respect to the Investment Interest or the Clean Energy Adjustment. As soon as practicable after receipt by the Servicer of such Termination Notice, the Servicer shall deliver the Records to the Successor Servicer. If a Successor Servicer has been appointed as a result of a Servicer Default, all reasonable costs and expenses (including reasonable legal fees and expenses) incurred in connection with transferring the Records to the Successor Servicer and amending this Agreement and any Co-Owner Agreement to reflect such succession as Servicer pursuant to this Section 7.1 shall be paid by the predecessor Servicer upon presentation of reasonable documentation of such costs and expenses. Termination of the IESO as Servicer shall not terminate the IESO's rights or obligations under this Agreement (except rights thereunder deriving from its rights as the Servicer hereunder).

7.2 Appointment of Successor Servicer

(a) Upon the Servicer's receipt of a Termination Notice pursuant to Section 7.1 or the Servicer's resignation or removal in accordance with the terms of this Agreement, the predecessor Servicer shall continue to perform its functions as Servicer under this Agreement, until a Successor Servicer shall have assumed in writing the obligations of the Servicer hereunder as described below. In the event of the Servicer's removal or resignation hereunder, the Issuer may, but subject to the provisions of the applicable Co-Owner Agreement, appoint a Successor Servicer and the Successor Servicer shall accept its appointment by a written assumption in form reasonably acceptable to the Issuer. If, within 30 days after the delivery of the Termination Notice, a Successor Servicer shall not have been appointed, the Issuer may petition a court of competent jurisdiction to appoint a Successor Servicer under this Agreement. A Person shall qualify as a Successor Servicer only if (i) such Person is permitted under the Act to perform the duties of the Servicer, (ii) the Rating Agency Condition shall have been satisfied with respect to such appointment, (iii) such Person enters into a master transfer and servicing agreement with the Issuer having substantially the same provisions as this Agreement and (iv) such Person agrees to perform the obligations of the Servicer under any Co-Owner Agreement. In no event shall the Issuer be liable for its appointment of a Successor Servicer..

(b) Upon appointment, the Successor Servicer shall be the successor in all respects to the predecessor Servicer and shall be subject to all the responsibilities, duties and

liabilities arising thereafter placed on the predecessor Servicer and shall be entitled to all the rights granted to the predecessor Servicer by the terms and provisions of this Agreement.

7.3 Waiver of Past Defaults

The Issuer may waive in writing any default by the Servicer in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Servicer Default arising therefrom shall be deemed to have been remedied for every purpose of this Agreement. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto.

7.4 Notice of Servicer Default

The Servicer shall deliver to the Issuer, promptly after having obtained knowledge thereof, but in no event later than five Business Days thereafter, written notice of any event that, with the giving of notice or lapse of time, or both, would become a Servicer Default under Section 7.1.

7.5 Cooperation with Successor Servicer

The Servicer covenants and agrees with the Issuer that it will, on an ongoing basis, cooperate with the Successor Servicer and provide whatever information is, and take whatever actions are, reasonably necessary to assist the Successor Servicer in performing its obligations hereunder.

ARTICLE 8
MISCELLANEOUS

8.1 Amendment

This Agreement may be amended in writing by the IESO and the Issuer, and with satisfaction of the Rating Agency Condition**, such satisfaction to be confirmed by the Issuer at the time of such amendment**. Promptly after the execution of any such amendment, the Issuer shall furnish copies of such amendment to each of the Rating Agencies.

8.2 Withholding Rights

The parties shall be entitled to deduct and withhold from amounts payable under this Agreement such amounts as each is required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of any applicable federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority.

8.3 No Partnership

Each party expressly disclaims any intention to create a partnership, and none of the Issuer or the IESO will be deemed to be carrying on business in partnership by reason of its execution and delivery of this Agreement or the exercise or performance by it of its respective rights and obligations hereunder.

8.4 Notices

Any notice, report or other communication given hereunder shall be in writing and shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, (b) upon receipt when sent by an overnight courier, (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

(a) in the case of the IESO, in its capacity as Transferor or Servicer:

Independent Electricity System Operator
120 Adelaide Street West, Suite 1600
Toronto, Ontario M5H 1T1

Attention: Chief Financial Officer, General Counsel and Associate General Counsel
Email: ■

(b) in the case of the Issuer or the Manager (on behalf of the Issuer):

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Each party hereto may, by notice given in accordance herewith to the other party or parties hereto, designate any further or different address to which subsequent notices, reports

and other communications shall be sent. Any notice, report or communication required to be given by the IESO hereunder to a Rating Agency shall be given to the address provided by the Issuer from time to time.

8.5 Assignment

Notwithstanding anything to the contrary contained herein, except as provided in the provisions of this Agreement concerning the resignation of the Servicer, this Agreement may not be assigned by the IESO.

8.6 Limitations on Rights of Third Parties

The provisions of this Agreement are solely for the benefit of the IESO and the Issuer, and such Persons shall have the right to enforce the relevant provisions of this Agreement. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim in the Issuer Investment Interest or under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

8.7 Severability

Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof (unless such construction shall be unreasonable), and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.8 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

8.9 Governing Law

This Agreement shall be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein, and each party to this Agreement attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

8.10 Grant of Security Interest to Indenture Trustee

The IESO hereby acknowledges and consents to the grant of a Lien by the Issuer to the Indenture Trustee pursuant to the Indenture for the benefit of the Specified Creditors against all right, title and interest of the Issuer in, to and under this Agreement, the Investment Interest and the proceeds thereof and the assignment of any or all of the Issuer's rights hereunder to the Indenture Trustee for the benefit of the Specified Creditors.

8.11 Limitation of Liability of the Issuer Trustee

(a) It is expressly understood and agreed by the parties hereto that the Issuer Trustee is acting solely in its capacity as trustee of the Issuer, and not in any other capacity. The Issuer solely shall be responsible for the performance of the Issuer's obligations hereunder and the assets of the Issuer solely shall be subject to levy or execution in satisfaction of such obligations.

(b) The Issuer Trustee will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by the Issuer Trustee to be taken, or the Issuer Trustee's failure to compel in any way any former or acting Issuer Trustee to redress any breach of trust with respect to the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, provided that the foregoing limitation will not apply in respect of action or failure to act arising from or in connection with dishonesty, bad faith, willful misconduct, gross negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee, in doing anything or permitting anything to be done in respect of the execution of the duties of its office or in respect of the Issuer's property or the Issuer's activities, is, and will be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.11, the Issuer Trustee will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the Issuer Trustee owned in its personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

(c) The holders of the units of the Issuer will not be subject to any liability whatsoever, in tort, in contract or otherwise, in connection with the Issuer's property or the Issuer's activities, to the Issuer's beneficiaries or to any other Person, for any action taken or permitted by it to be taken. The holders of the units

of the Issuer will not be subject to any liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the execution of the duties of its office or for or in respect of the Issuer's property or the Issuer's activities and resort will be had solely to the Issuer's property for the payment or performance thereof. No property or assets of the holders of the units of the Issuer owned in their personal capacity will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Agreement.

8.12 Waivers

Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. Any such waiver shall be validly and sufficiently authorized for the purposes of this Agreement if, as to any party, it is authorized in writing by an authorized representative of such party, with prompt written notice of any such waiver to be provided to the Rating Agencies. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By:
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor and Servicer

By:
Name:
Title:

By:
Name:
Title:

EXHIBIT A

FORM OF TRANSFER NOTICE

See attached

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By:
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By:
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B

FORM OF MONTHLY REPORT

See Attached

MONTHLY REPORT

[NTD: Subject to continuing review by the Dealers and their counsel.]

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Report have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.4(a) of the Master Transfer and Servicing Agreement the Servicer hereby certifies in the date hereof and in respect of the period subsequent to the preceding Remittance Date, as follows:

	Item	Amount
(A)	CEA Consumer Invoice Amounts:	$■
(B)	Servicer CEA Receipts:	$■
	Comprised of:	
	Electricity Vendor CEA Collections:	$■
	IESO direct CEA collections:	$■
(C)	Actual Monthly Consumption of Specified Consumers:	■
(D)	Balance of IESO Segregated Account:	$■

~~LDC Name~~	~~Billed Amount~~	~~Remitted Amount~~	~~Difference~~
~~LDC 1~~	~~$xx~~	~~$yy~~	
~~LDC 2~~			
~~LDC 70~~			

~~Shortfall $~~

~~Delinquency Amount $~~

[**NTD:** ~~**Any additional information considered necessary for OPG/IESO to be included.**~~**form to be settled**]

~~DATED this ■ day of ■, 20■.~~

~~**INDEPENDENT ELECTRICITY SYSTEM OPERATOR**~~
~~**as Servicer**~~

~~By:~~ _____
~~Name:~~
~~Title:~~

~~By:~~ _____
~~Name:~~
~~Title:~~

EXHIBIT C

FORM OF MONTHLY CARRYING COSTS STATEMENT

See Attached

MONTHLY CARRYING COSTS STATEMENT

TO: INDEPENDENT ELECTRICITY SYSTEM OPERATOR
[Address]

Attention: ■
Email: ■

Reference is made to the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**") and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. Capitalized terms used but not defined in this Monthly Carrying Costs Statement have their respective meanings as set forth in the Master Transfer and Servicing Agreement.

Pursuant to Section 3.13 of the Master Transfer and Servicing Agreement, the undersigned hereby certifies that the Monthly Carrying Costs in respect of the calendar month of ■, ■ are as follows:

In accordance with Section 3.13(c) of the Master Transfer and Servicing Agreement, the undersigned hereby directs you to deliver to the Issuer, by wire transfer to the account set forth below, an amount in Canadian dollars equal to the Monthly Carrying Costs set forth above on or before ■, 20■, and this shall be your good and valid authority for so doing.

[NTD: Wire transfer instructions to be provided by OPG.]

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Document comparison by Workshare Compare on November-08-17 9:02:13 AM

Input:	
Document 1 ID	file://C:\Users\bsaulnie\Desktop\Master_Transfer_and_Servicing_Agreement (Osler_Torys comments on IESO_SE....docx
Description	Master_Transfer_and_Servicing_Agreement (Osler_Torys comments on IESO_SE...
Document 2 ID	file://C:\Users\bsaulnie\Desktop\Province\MTSA (November 7th Rating Agency Draft).DOCX
Description	MTSA (November 7th Rating Agency Draft)
Rendering set	Firm_Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	79
Deletions	139
Moved from	2
Moved to	2
Style change	0
Format changed	0
Total changes	222

Draft Date: November 7, 2017

SECURITY AGREEMENT

THIS AGREEMENT made as of the ____ day of _____, 2017,

BETWEEN:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998,

(hereinafter referred to as the "**Grantor**"),

IN FAVOUR OF:

[FINANCING ENTITY], a trust formed under the laws of the Province of Ontario,

(hereinafter referred to as the "**Secured Party**"),

WHEREAS under Regulation 206/17 made under the *Ontario Fair Hydro Plan Act, 2017* (the "**Regulation**"), the Grantor is required to pay to the Secured Party the Carrying Costs of the Secured Party during the period beginning on April 1, 2017 and ending on June 30, 2021 (the "**Statutory Obligation**");

AND WHEREAS the Grantor (together with the Secured Party, collectively referred to as the "**Parties**") has agreed to enter into a security agreement in favour of the Secured Party to secure payment of the Statutory Obligation;

NOW THEREFORE THIS AGREEMENT WITNESSES that, for and in consideration of the premises, mutual covenants and conditions herein contained and such other lawful and valuable consideration the receipt of sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. INTERPRETATION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith,

(a) "**Account**" shall have the meaning attributed to such term in the PPSA;

(b) "**Business Day**" means any day other than a Saturday or a Sunday on which banks generally are open for business in Toronto, Ontario;

(c) "**Carrying Costs**" shall have the meaning attributed to the term "carrying costs" in the Regulation;

(d) "**Collateral**" shall have the meaning attributed to such term in Section 2.1;

(e) **"Electricity Vendor"** shall mean a licensed distributor and a licensed retailer, each as defined in the Ontario Fair Hydro Act.

(f) "**Money**" shall have the meaning attributed to such term in the PPSA;

(g) "**Permitted Liens**" means liens approved in writing by the Secured Party;

(h) "**PPSA**" means the *Personal Property Security Act* (Ontario), as amended from time to time, and any regulations thereto;

(i) "**Proceeds**" means "proceeds", as defined in the PPSA, of the Collateral;

(j) **"Receiver"** shall have the meaning attributed to such term in Section 6.2 of this Agreement;

(k) "**Regulation**" shall have the meaning attributed to such term in the recitals hereto;

(l) "**Statutory Obligation**" shall have the meaning attributed to such term in the recitals hereto.

1.2 Other Usages

References to "this Agreement", "hereof", "herein", "hereto" and like references refer to this Security Agreement and not to any particular Article, Section or other subdivision of this Agreement.

1.3 Plural and Singular

Where the context so requires, the words importing the singular number shall include the plural and vice versa.

1.4 Headings

The division of this Agreement into Articles and Sections and the insertion of headings in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Applicable Law

This Agreement and all documents delivered pursuant hereto shall be governed by and construed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and the Parties do hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario.

1.6 Prohibited Provisions

In the event that any provision or any part of any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed thereon by a court,

this Agreement shall be construed as not containing such provision or such part of such provision and the invalidity of such provision or such part shall not affect the validity of any other provision or the remainder of such provision hereof, and all other provisions hereof which are otherwise lawful and valid shall remain in full force and effect.

1.7 Time of the Essence

Time shall in all respects be of the essence of this Agreement.

1.8 Recitals and Schedules

Each and every one of the recitals and schedules which are referred to in this Agreement and attached to this Agreement shall form an integral part of this Agreement.

2. SECURITY INTEREST

2.1 Grant of Security Interest

As general and continuing security for the payment of the Statutory Obligation, the Grantor hereby grants a security interest to the Secured Party in the following (collectively, the "**Collateral**"):

(a) all Accounts, which are now due, owing or accruing or growing due to, or which may hereafter become due, owing or accruing or growing due, to the Grantor by an Electricity Vendor;

(b) all Proceeds and renewals of the foregoing, in whatever form, together with all substitutions therefore.

Whenever used elsewhere in this Agreement, the expression "**security interest**" refers to the security interest created in this Section 2.1.

2.2 Attachment of Security Interest

The Grantor acknowledges and agrees that (i) value has been given, (ii) the Grantor has rights in such of the Collateral as constitutes present property of the Grantor, and (iii) the security interest shall attach to existing Collateral upon execution of this Agreement by the Grantor and to each item of after-acquired Collateral at the time that the Grantor acquires any rights therein.

3. COVENANTS OF THE GRANTOR

3.1 Covenants

The Grantor hereby covenants and agrees with the Secured Party as follows:

(a) To promptly pay all taxes, assessments, rates, levies, payroll deductions, vacation pay, workers' compensation assessments, and any other charges which could result in the creation of a statutory lien or deemed trust in respect of the Collateral.

(b) To defend the Collateral against the claims and demands of all other persons claiming the same or an interest therein and to promptly notify the Secured Party of any such claim or demand.

(c) To do, make, execute and deliver such further and other assignments, transfers, deeds, agreements and other documents as may be required by the Secured Party to establish in favour of the Secured Party the security interest intended to be created hereby.

3.2 Performance of Covenants by the Secured Party

The Secured Party may, in its sole discretion and upon notice to and at the expense of the Grantor, perform any covenant of the Grantor under this Agreement that the Grantor fails to perform and that the Secured Party is capable of performing, provided that the Secured Party will not be obligated to perform any such covenant on behalf of the Grantor and no such performance by the Secured Party will require the Secured Party further to perform the Grantor's covenants nor operate as a derogation of the rights and remedies of the Secured Party under this Agreement.

4. DEALING WITH COLLATERAL

4.1 Grantor's Rights

Until the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor shall be entitled to deal with the Collateral in the ordinary course of business, provided however, that no such action shall be taken which would impair the effectiveness of the security interests created hereby, the provisions of this Agreement or any other written agreement between the Secured Party and the Grantor.

4.2 General Restrictions

The Grantor shall not, without the prior written consent of the Secured Party:

(a) sell, lease or otherwise dispose of the Collateral or any part thereof except in the ordinary course of business; or

(b) enter into or grant, create, assume or suffer to exist any mortgage, charge, hypothec, assignment, pledge, lien or other security interest or encumbrance affecting any of the Collateral except the Permitted Liens.

4.3 Release by the Secured Party

The Secured Party may, at its discretion, at any time release from the security interest created by this Agreement any part or parts of the Collateral or any other security or any surety for the Statutory Obligation either with or without sufficient consideration therefor without thereby releasing any other part of the Collateral or any person from this Agreement.

5. REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

The Grantor hereby represents and warrants to the Secured Party, the matters set out below:

(a) **Incorporation and Qualifications** – The Grantor is a statutory corporation amalgamated under the laws of the Province of Ontario, with requisite power and authority to own its properties, to conduct its business as such properties are currently owned and such business is presently conducted by it, and to execute, deliver and carry out the terms of this Agreement.

(b) **Corporate Authority and Power** – The Grantor has the requisite power and authority to execute and deliver this Agreement and to carry out its terms. The execution, delivery and performance of all obligations under this Agreement have been duly authorized by all necessary action on the part of the Grantor under all applicable laws.

(c) **Non-Conflict** – Neither the execution nor the performance of this Agreement requires the approval of any regulatory agency having jurisdiction over the Grantor nor is this Agreement in contravention of or in conflict with the by-laws or resolutions of the directors or shareholders of the Grantor or of the provisions of any agreement to which the Grantor is a party or by which any of its property may be bound or of any statute, regulation, by-law, ordinance or other law, or to the best of its knowledge of any judgement, decree, award, ruling or order to which the Grantor or any of its property may be subject, other than approvals that have been obtained.

(d) **Ownership of Collateral Free of Liens** – The Grantor is the owner of or has rights in the existing Collateral free and clear of any liens other than Permitted Liens.

(e) **Grantor Information** – Schedule A sets forth (a) the Grantor's jurisdiction of incorporation, (b) the location of the Grantor's registered office and business operations and records, and (c) the Grantor's exact legal name (in English and French).

(f) **Enforceability** – This Agreement constitutes a valid and legally binding obligation of the Grantor enforceable against it in accordance with its terms, subject to general equitable principles, including the fact that the availability of equitable remedies, such as injunctive relief and specific performance, is in the discretion of the court.

5.2 Reliance and Survival

All representations and warranties of the Grantor made in this Agreement shall survive the execution and delivery of this Agreement and shall continue in full force and effect without time limit. The Secured Party shall be deemed to have relied upon each such representation and

warranty notwithstanding any investigation made by or on behalf of the Secured Party at any time.

6. ENFORCEMENT

6.1 Enforceability of Security

The security hereby constituted shall become enforceable only upon the failure of the Grantor to pay the Statutory Obligations when due, and then only to the extent of the Statutory Obligations not then paid when due. The Grantor acknowledges that it has no right in any circumstance to accelerate payment of the Statutory Obligations, to apply proceeds of Collateral on account of Statutory Obligations not yet due, or to reserve or hold proceeds of Collateral on account of Statutory Obligations not yet due.

6.2 Remedies

At any time that the security hereby constituted shall have become enforceable, the Secured Party may give notice of its intention to its exercise rights and remedies hereunder. At any time ten Business Days following the giving of such notice, and unless the amounts due and owing on account of the carrying Costs at the time of the Notice have been paid, the Secured Party shall have the following rights, powers and remedies:

(a) to appoint any person to be an agent or any person to be a receiver, manager or receiver and manager (herein called the "**Receiver**") of the Collateral and to remove any Receiver so appointed and to appoint another if the Secured Party so desires; it being agreed that any Receiver appointed pursuant to the provisions of this Agreement shall have all of the powers of the Secured Party hereunder;

(b) to make payments to parties having prior charges or encumbrances on the Collateral;

(c) to preserve, protect and maintain the Collateral;

(d) to enjoy and exercise all powers necessary or incidental to the performance of all functions provided for in this Agreement;

(e) to sell or dispose of all or any part of the Collateral whether by public or private sale or otherwise and on any terms so long as every aspect of the disposition is commercially reasonable, including without limitation, terms that provide time for payment on credit;

(f) to enjoy and exercise in respect of the Collateral all of the rights and remedies of a secured party under the PPSA;

(g) to notify the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party and to direct such account debtors or obligors to make payment of all amounts due or to become due to the Grantor thereunder directly to the Secured Party and to give valid and binding receipts and discharges therefor and in respect thereof and,

upon such notification and at the expense of the Grantor, to enforce collection of any such Accounts, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as the Grantor might have done; and

(h) to commence, continue or defend proceedings in any court of competent jurisdiction in the name of the Secured Party, the Receiver or the Grantor for the purpose of exercising any of the rights, powers and remedies set out in this Section, including the institution of proceedings for the appointment of a receiver, manager or receiver and manager of the Collateral.

6.3 Special Rules re Accounts

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2,

(a) all Money or other form of payment received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Secured Party hereunder, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Secured Party in the same form as so received (with any necessary endorsement) to be held as cash collateral and applied as provided by Section 6.8; and

(b) the Grantor shall not adjust, settle or compromise the amount or payment of any Collateral.

6.4 Receiver as Agent

The Receiver shall be deemed to be the agent of the Grantor for the purpose of establishing liability for the acts or omissions of the Receiver and the Secured Party shall not be liable for such acts or omissions and, without restricting the generality of the foregoing, the Grantor hereby irrevocably authorizes the Secured Party to give instructions to the Receiver relating to the performance of its duties as set out herein.

6.5 Expenses of Enforcement

The Grantor shall pay to the Receiver the remuneration of the Receiver and all costs and expenses (including, without limitation, legal fees and disbursements on a full indemnity basis) properly incurred by the Receiver pursuant to its appointment and the exercise of its powers hereunder, and shall pay to the Secured Party and the Receiver as required all amounts of Money (including interest thereon) borrowed or advanced by either of them pursuant to the powers set out herein, and the obligations of the Grantor to the Secured Party and the Receiver pursuant to this Section 6.5 shall be payable on demand.

6.6 Indulgences and Releases

Either the Secured Party or the Receiver may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Grantor, debtors of the Grantor,

sureties and others and with the Collateral and other security as the Secured Party or the Receiver may see fit without prejudice to the right of the Secured Party and the Receiver to repossess, hold, collect and realize the Collateral.

6.7 No Liability for Failure to Exercise Remedies

The Secured Party and the Receiver shall not be liable or accountable to the Grantor or to any other person for any failure to exercise any of the rights, powers and remedies set out in this Agreement, and shall not be bound to commence, continue or defend proceedings for the purpose of preserving or protecting any rights of the Secured Party, the Receiver, the Grantor or any other party in respect of the same.

6.8 Proceeds of Disposition

All Moneys received by the Secured Party or by the Receiver pursuant to Section 6.2 shall be promptly applied as follows:

(a) first, in payment of all costs and expenses incurred by the Secured Party in the exercise of all or any of the powers granted to it under this Agreement and in payment of all of the remuneration of the Receiver and all costs and expenses properly incurred by the Receiver in the exercise of all or any of the powers granted to it under this Agreement, including, without limitation, the remuneration, costs and expenses referred to in Section 6.5;

(b) second, in payment of all amounts of Money borrowed or advanced by either of the Secured Party or the Receiver pursuant to the powers set out in this Agreement and any interest thereon;

(c) third, in payment of the Statutory Obligation, provided that if there are not sufficient Moneys to fully pay and perform the Statutory Obligation, the Secured Party may apply the Moneys available to such part or parts thereof as the Secured Party, in its sole discretion, may determine; and

(d) fourth, in payment of any surplus in accordance with applicable law.

6.9 Grantor Liable for Deficiency

If the Moneys received by the Secured Party or the Receiver pursuant to Section 6.2 are not sufficient to pay the claims set out in Section 6.8, the Grantor shall immediately pay the Secured Party the amount of such deficiency.

6.10 Restriction on Grantor

Upon notification of the account debtors or obligors under any Accounts which constitute part of the Collateral of the assignment of such Accounts to the Secured Party or the appointment of a Receiver in respect of the Collateral, all the powers, functions, rights and privileges of the Grantor or any officer, director, servant or agent of the Grantor with respect to the Collateral shall, to the extent permitted by applicable law, be suspended unless specifically continued by the written consent of the Secured Party; however, all other powers, functions, rights and

privileges of the Grantor or any officer, director, servant or agent of the Grantor shall be unaffected by such events.

6.11 Rights Cumulative

All rights and remedies of the Secured Party set out in this Agreement shall be cumulative and no right or remedy contained herein is intended to be exclusive but each shall be in addition to every other right or remedy contained herein or in any existing or future security document or now or hereafter existing at law or in equity or by statute.

7. GENERAL

7.1 Waiver

Any default by the Grantor in the observance or performance of any covenant or condition required to be observed or performed by the Grantor hereunder, may only be waived by the Secured Party in writing, provided that no such waiver by the Secured Party shall extend to or be taken in any manner to affect any subsequent breach or default or the rights resulting therefrom.

7.2 The Secured Party as Attorney

At any time that the Secured Party is entitled to exercise its rights and remedies under Section 6.2, the Grantor hereby irrevocably appoints the Secured Party and any person further designated by the Secured Party to be the attorney of the Grantor for and in the name of the Grantor to execute and do any deeds, documents, transfers, demands, assignments, assurances, consents and things which the Grantor is obliged to sign, execute or do hereunder and, to commence, continue and defend any proceedings authorized to be taken hereunder and generally to use the name of the Grantor in the exercise of all or any of the powers hereby conferred on the Secured Party. These powers are coupled with an interest, have been given for valuable consideration (the receipt and adequacy of which is acknowledged), survive, and do not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Grantor, and are irrevocable until the Statutory Obligation has been satisfied in full and this Agreement is terminated and the security interest created herein has been released. This power of attorney extends to and is binding upon the Grantor's successors and permitted assigns. The Grantor authorizes the Secured Party to delegate in writing to another person any power and authority of the Secured Party under this power of attorney as may be necessary or desirable in the opinion of the Secured Party, and to revoke or suspend such delegation.

7.3 Further Assurances

The Grantor shall do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as the Secured Party shall reasonably require for the better assuring, charging, assigning and conferring unto the Secured Party a security interest in the Collateral, or which the Grantor may hereafter become bound to charge in favour of the Secured Party, for the purpose of accomplishing and effecting the intention of this Agreement.

7.4 Amalgamation of the Grantor

The Grantor acknowledges and agrees that in the event that it amalgamates with any other persons, then (i) the Collateral and the security interest shall extend to and include all of the property and undertaking that any of the amalgamating corporations then owns, all of the property and undertaking that the amalgamated corporation thereafter acquires, all of the property and undertaking in which any of the amalgamating corporations then has any interest, and all of the property and undertaking in which the amalgamated corporation thereafter acquires any interest, and (ii) all references herein to the Grantor shall extend to and include the amalgamated corporation.

7.5 Continuing Security

The security interest constituted hereby shall be deemed to be a continuing security for the Statutory Obligation until the Statutory Obligation is paid and performed in full.

7.6 Notices

All notices and other communications provided for herein shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee or sent by facsimile, charges prepaid, at or to the applicable address or facsimile number, as the case may be, of the party set opposite its name below or at or to such other address or addresses or facsimile number or numbers as either party may from time to time designate to the other party in such manner. Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a Business Day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of delivery. Any communication which is transmitted by facsimile as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a Business Day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the Business Day next following such date of transmission.

In the case of the Grantor:

Independent Electricity System Operator
[Address]

Attention: ■
Email: ■
Facsimile: ■

In the case of the Secured Party:

[Financing Entity]
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■
Facsimile: ■

7.7 Assignment

The Secured Party may from time to time upon notice to, but without the consent of the Grantor, assign or transfer this Agreement to any other person. The Grantor shall not be entitled to assign or transfer this Agreement or any of the Grantor's rights, duties or obligations hereunder without the prior written consent of the Secured Party.

7.8 Successors and Assigns

This Agreement shall enure to the benefit of the Secured Party and its successors and assigns and shall be binding upon the Grantor and its successors and permitted assigns.

7.9 Amendments

This Agreement may not be amended or otherwise modified except by an instrument in writing executed by the Parties.

7.10 Entire Agreement

This Agreement and the agreements referred to herein and any document, agreement or instrument delivered pursuant to such agreements constitute the entire agreement between the Parties and supersede any prior agreements, undertakings, declarations, representations and undertakings, both written and verbal, in respect of the subject matter hereof.

7.11 Receipt of Agreement and Financing Statement.

The Grantor hereby acknowledges receipt of an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

7.12 Counterpart

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

7.13 Delivery by Facsimile or Electronic Transmission

This Agreement may be executed and delivered by facsimile or electronic transmission and each of the Parties may rely on such facsimile or electronic signature as though such facsimile signature were an original signature.

[NEXT PAGE IS SIGNATURE PAGE]

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the date first written above.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC., as Secured Party

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Grantor

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE A

GRANTOR INFORMATION

1. **Grantor's exact legal name: Independent Electricity System Operator**

   ■ [French]

2. **Grantor's jurisdiction of incorporation: Ontario**

3. **Grantor's registered office address: ■**

4. **Location of Grantor's business operations and records: ■**

SENIOR SERIES 2017-1

SUPPLEMENTAL INDENTURE

between

FAIR HYDRO TRUST

by

COMPUTERSHARE TRUST COMPANY OF CANADA
as Issuer Trustee

and

BNY TRUST COMPANY OF CANADA
as Indenture Trustee

and

●
as Administrative Agent

and

CERTAIN CP CONDUIT PURCHASERS,
CERTAIN NON-CONDUIT PURCHASERS
CERTAIN FUNDING AGENTS
and CERTAIN GROUP BANKS

Made as of ●, 2017

TABLE OF CONTENTS

Page

ARTICLE 1 INTERPRETATION 1
1.1 Definitions 1
1.2 Interpretation 1
1.3 Application of this Supplemental Indenture 2

ARTICLE 2 PRINCIPAL TERMS 2
2.1 Creation of Series 2017-1 Senior Notes 2
2.2 Principal Terms 2

ARTICLE 3 NOTE PURCHASE FACILITY 3
3.1 Purchase of Notes by the Purchasers 3
3.2 Delivery 4
3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount 4
3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination 8
3.5 Increases and Reductions of the Commitments 8
3.6 Interest; Fees and Other Amounts 9
3.7 Repayment of Principal 9
3.8 Indemnification by the Issuer 10
3.9 Funding Agents 10
3.10 Taxes 11
3.11 Increased Costs 12

ARTICLE 4 CONDITIONS PRECEDENT 13
4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes 13
4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes 15

ARTICLE 5 REPRESENTATIONS AND WARRANTIES 16
5.1 Representations and Warranties of the Issuer 16
5.2 Representations and Warranties of the Purchasers 16
5.3 Survival 16

ARTICLE 6 COVENANTS 17
6.1 Covenants of the Issuer 17

ARTICLE 7 AGENTS 17
7.1 Administrative Agent 17
7.2 Funding Agents 20

ARTICLE 8 GENERAL 22
8.1 Successor and Assigns 22
8.2 Waiver 25
8.3 Notice 25

TABLE OF CONTENTS
(continued)

Page

8.4 No Waiver: Remedies 25
8.5 Entire Agreement 25
8.6 Governing Law and Attornment 26
8.7 Acknowledgment of Trust Indenture and No Proceedings 26
8.8 Expenses 26
8.9 Further Assurances 26
8.10 Confidentiality 27
8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions 28
8.12 Limitation of Liability of Issuer Trustee 28
8.13 Execution in Counterparts 29
8.14 Delivery of Executed Copies 29

FLOATING RATE VARIABLE FUNDING,
SERIES 2017-1 SENIOR NOTES

SUPPLEMENTAL INDENTURE made as of ●, 2017, between **Computershare Trust Company of Canada**, a trust company established under the laws of Canada (the "**Issuer Trustee**"), in its capacity as trustee of **Fair Hydro Trust**, a trust existing under the laws of the Province of Ontario (in such capacity, the "**Issuer**"), **BNY Trust Company of Canada**, a trust company established under the laws of Canada (the "**Indenture Trustee**"), ●, in its capacity as the administrative agent for the Purchaser Groups (the "**Administrative Agent**"), the **Non-Conduit Purchasers** from time to time party hereto, the **CP Conduit Purchasers** from time to time party hereto, and the **Funding Agents** for the CP Conduit Purchaser Groups from time to time party hereto.

WHEREAS pursuant to the Trust Indenture, provision was made for the issuance of Notes from time to time;

AND WHEREAS pursuant to the Trust Indenture, Notes may be issued in one or more Series by the execution and delivery of a Supplemental Indenture;

AND WHEREAS the parties hereto are entering into this Supplemental Indenture to provide for the creation and issuance of the Series 2017-1 Senior Notes;

NOW THEREFORE THIS SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

(a) For all purposes of this Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in Schedule A hereto have the meanings assigned to them in Schedule A and include the plural as well as the singular.

(b) The provisions of Section 1.1 of the Trust Indenture are applicable to this Supplemental Indenture. Except as otherwise expressly provided or unless the context otherwise requires, all terms used herein which are defined in the Trust Indenture, either directly or by reference therein, have the meanings assigned to them in the Trust Indenture.

1.2 Interpretation

Subject to the next following sentences, this Supplemental Indenture is supplemental to the Trust Indenture and the Trust Indenture shall be read in conjunction with this Supplemental Indenture and all of the provisions of the Trust Indenture shall apply to and shall have effect in connection with this Supplemental Indenture in the same manner as if all of the provisions of the Trust Indenture and of this Supplemental Indenture were contained in one instrument. This Supplemental Indenture shall, unless the context otherwise requires, be subject to the interpretative provisions contained in Article 1 of the Trust Indenture. If any terms of the Trust Indenture are inconsistent with the express terms or provisions hereof, the terms and provisions of the Trust

Indenture shall be, solely in respect of the Series 2017-1 Senior Notes, amended and supplemented so as to be consistent herewith. The provisions of this Supplemental Indenture are applicable only in respect of the Series 2017-1 Senior Notes and not the Notes of any other Series.

1.3 Application of this Supplemental Indenture

With respect to the Series 2017-1 Senior Notes only, the terms of the Trust Indenture are amended, supplemented, modified, restated and replaced to the extent applicable by the terms of this Supplemental Indenture in respect of the Series 2017-1 Senior Notes in accordance with Section 1.2 above.

ARTICLE 2
PRINCIPAL TERMS

2.1 Creation of Series 2017-1 Senior Notes

There is hereby created a Series of Notes to be issued pursuant to the Trust Indenture and this Supplemental Indenture designated as the "**Floating Rate Variable Funding Senior Notes, Series 2017-1**."

2.2 Principal Terms

In addition to and without limiting any of the provisions of this Supplemental Indenture, the Series 2017-1 Senior Notes:

(a) will be designated as set out in Section 2.1;

(b) will be Senior Notes;

(c) will have a Stated Principal Amount equal to the Series 2017-1 Maximum Principal Amount;

(d) will not be issued in Classes or Tranches;

(e) will be denominated in Canadian dollars;

(f) will not be listed on any securities exchange;

(g) will have an Initial Dollar Principal Amount equal to the Series 2017-1 Initial Principal Amount;

(h) will be issued as definitive notes and will not be in the form of a Global Note;

(i) will be issued as Registered Notes and will be without coupons;

(j) will be Senior Notes and will not be subordinated to any other Series, Class or Tranche of Notes;

(k) will be substantially in the form of Schedule B, with such appropriate insertions, omissions, substitutions and variations as may be approved by the Issuer;

(l) will have each Payment Date as an Interest Payment Date;

(m) will have a Principal Payment Due Date that is the Series 2017-1 Principal Payment Due Date;

(n) will have a Principal Payment Default Date that is the Series 2017-1 Principal Payment Default Date; and

(o) will have no minimum issue amount.

ARTICLE 3
NOTE PURCHASE FACILITY

3.1 Purchase of Notes by the Purchasers

(a) ***Initial Purchases***. Subject to the terms and conditions of this Supplemental Indenture, including delivery of notice in accordance with Section 3.3, (i) each Non-Conduit Purchaser shall purchase, and each CP Conduit Purchaser may, in its sole discretion, purchase a Series 2017-1 Senior Note in an amount equal to all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount on any Business Day during the period from the date hereof to and including **[December 15, 2017]**, and if any such CP Conduit Purchaser shall have notified the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser that it has elected not to fund a Series 2017-1 Senior Note in an amount equal to its Commitment Percentage of the Series 2017-1 Initial Principal Amount on the Closing Date, the Group Bank with respect to such CP Conduit Purchaser shall fund on the Closing Date that portion of such Series 2017-1 Senior Note not to be funded by such CP Conduit Purchaser; and (ii) thereafter, (A) each Non-Conduit Purchaser shall maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, (B) if a CP Conduit Purchaser shall have purchased a Series 2017-1 Senior Note on the Closing Date, such CP Conduit Purchaser may, in its sole discretion, maintain its Series 2017-1 Senior Note, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture, and (C) the Group Bank shall maintain its Series 2017-1 Senior Note with respect to its Related Purchaser Group, subject to increase or decrease during the period from the Closing Date to and including the Commitment Expiry Date, in accordance with the provisions of this Supplemental Indenture. Payments by the Non-Conduit Purchasers, the CP Conduit Purchasers and/or the Group Bank with respect to the CP Conduit Purchasers shall be made in immediately available funds on the Closing Date in accordance with Section 3.3(d).

(b) ***Maximum Purchaser Group Principal Amounts***. Notwithstanding anything to the contrary contained in this Supplemental Indenture, at no time shall a Purchaser Group be required to make the initial purchase of a Series 2017-1 Senior Note or increase its Purchaser Group Principal Amount if the sum of (x) Purchaser Group Principal Amount with respect to such Purchaser Group, after giving effect to such purchase or increase, and (y) the sum of any unfunded Delayed Amounts with respect to such Purchaser Group, would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group at such time.

3.2 Delivery

(a) On the Closing Date (or on any later date that any Purchaser Group becomes a party to this Supplemental Indenture), Series 2017-1 Senior Notes shall be executed, authenticated and delivered by the Issuer in accordance with Section 4.03 of the Trust Indenture (i) in the case of a CP Conduit Purchaser Group, in the name of the Funding Agent with respect to such CP Conduit Purchaser Group (or as otherwise requested by such CP Conduit Purchaser Group and agreed to by the Issuer) in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group and delivered to such Funding Agent; or (ii) in the case of a Non-Conduit Purchaser Group, in the name of the Related Non-Conduit Purchaser in an amount equal to the Maximum Purchaser Group Principal Amount with respect to such Related Non-Conduit Purchaser Group and delivered to such Related Non-Conduit Purchaser.

(b) The Administrative Agent shall maintain a record of the actual Purchaser Group Principal Amount outstanding with respect to each Purchaser Group and the actual Series 2017-1 Principal Amount outstanding on any date of determination, which, absent manifest error, shall constitute prima facie evidence of the outstanding Purchaser Group Principal Amounts and outstanding Series 2017-1 Principal Amount from time to time. Upon a written request from the Indenture Trustee, the Administrative Agent shall provide in writing the identity of the Purchaser Groups, the related Funding Agents for each CP Conduit Purchaser Group, the Purchaser Group Principal Amount for each Purchaser Group and the Commitment Percentage with respect to such Purchaser Group to the Indenture Trustee.

3.3 Procedure for Initial Issuance and for Increasing the Series 2017-1 Principal Amount

(a) (i) On any Business Day prior to [**December 15, 2017**], in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees, that it will purchase a Series 2017-1 Senior Note for an initial purchase price equal to the Commitment Percentage with respect to such Purchaser Group of the Series 2017-1 Initial Principal Amount upon the request of the Issuer (the date on which the initial purchase occurs being referred to as the "**Closing Date**"); provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule C no later than **[3:00 p.m.]** (Toronto time) on the third Business Day prior to the Closing Date. The written notice of the initial purchase of the Series 2017-1 Senior Notes shall state (x) the Closing Date, and (y) the initial total purchase price to be paid for the Series 2017-1 Senior Notes (the "**Series 2017-1 Initial Principal Amount**"); and (ii) subject to Section 3.3(e), on any Business Day during the period from the initial purchase of the Series 2017-1 Senior Notes hereunder to and including the Commitment Expiry Date, in the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, or in the case of a CP Conduit Purchaser Group, the CP Conduit Purchaser in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank with respect to such CP Conduit Purchaser hereby agrees that the Purchaser Group Principal Amount with respect to such Purchaser Group may be increased by an amount equal to the Commitment Percentage with respect to such Purchaser Group of the Increase Amount (an "**Increase**"), upon the request of the Issuer (each date on which an increase in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Increase Date**" applicable to such Increase); provided, however, that the Issuer shall have given the Administrative Agent (with

a copy to the Indenture Trustee) irrevocable (other than as specified in Section 3.3(e)) written notice (effective upon receipt), by email communication, substantially in the form of Schedule C (an "**Increase Notice**") no later than **[3:00 p.m.]** (Toronto time) on (A) with respect to a Deferrable Increase Notice, the third Business Day prior to such Increase Date, or (B) with respect to a Non-Deferrable Increase Notice, the second Business Day prior to such Increase Date. Each Increase Notice shall state (x) the Increase Date, (y) the proposed amount of the increase in the Series 2017-1 Principal Amount (an "**Increase Amount**"), (z) whether a Delayed Funding Notice may be delivered in connection with such Increase pursuant to Section 3.3(e) and whether the Increase is to fund a Transfer (a "**Transfer Increase**") or is in respect of a Refinancing (a "**Refinancing Increase**"). The Commitment Percentage with respect to any Purchaser Group of the Increase Amount set forth in any Non-Deferrable Increase Notice shall not exceed such Purchaser Group's Non-Deferrable Draw Amount as of the related Increase Date.

(b) If a CP Conduit Purchaser elects not to fund the full amount of its Commitment Percentage of a requested Increase, such CP Conduit Purchaser shall notify the Administrative Agent and the Funding Agent with respect to such CP Conduit Purchaser, and the Group Bank with respect to such CP Conduit Purchaser shall fund the portion of the Commitment Percentage with respect to such Related Purchaser Group of such Increase not funded by such CP Conduit Purchaser.

(c) No Purchaser Group shall be required to increase its Purchaser Group Principal Amount on any Increase Date hereunder unless:

(i) such Purchaser Group's Commitment Percentage of such Increase Amount is (A) equal to $**[1,000,000]** or more, or (B) if less than $[1,000,000], the difference between the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group and the Purchaser Group Principal Amount with respect to such Purchaser Group; and

(ii) after giving effect to such Increase Amount, the sum of the (x) the Purchaser Group Principal Amount, and (y) any unfunded Delayed Amounts with respect to such Purchaser Group would not exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group;

(d) Upon receipt of any notice required by Section 3.3(a) or permitted by Section 3.3(e) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group (or, with respect to any notice pursuant to Section 3.3(e) requiring a Delayed Funding Purchaser Group to decrease its Delayed Amount, the applicable Non-Conduit Purchaser or Funding Agent), no later than **[5:00 p.m.]** (Toronto time) on the Business Day received. After receipt by any Funding Agent with respect to a CP Conduit Purchaser Group of such notice from the Administrative Agent, such Funding Agent shall, so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, promptly provide notice by email communication to the related CP Conduit Purchaser and the related Group Bank, of the Increase Date and of such CP Conduit Purchaser Group's Commitment Percentage of the Closing Date or Increase Amount, as applicable. Subject to Section 3.3(e), if such CP Conduit Purchaser elects to fund all or a portion of its Commitment Percentage of the Series 2017-1 Initial Principal Amount or the Increase Amount, as applicable, such CP Conduit Purchaser shall pay in immediately available funds its Commitment Percentage (or any portion thereof) of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the related Increase

Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group for remittance to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), if such CP Conduit Purchaser does not fund the full amount of the Commitment Percentage of such CP Conduit Purchaser Group of the Series 2017-1 Initial Principal Amount or an Increase Amount, as applicable, and the related Group Bank is required to fund the portion thereof not funded by the CP Conduit Purchaser, such Group Bank shall pay in immediately available funds such portion on the Closing Date or the related Increase Date, as applicable, to the Funding Agent with respect to such CP Conduit Purchaser Group. Each Funding Agent shall remit the amounts received by it from its CP Conduit Purchaser or the related Group Bank pursuant to this Section 3.3(d) to the Issuer for application in accordance with Section 3.3(h). Subject to Section 3.3(e), so long as the conditions set forth in Sections 3.3(a) and (c) and Article 4 are satisfied, each Non-Conduit Purchaser shall pay in immediately available funds the Commitment Percentage of such Non-Conduit Purchaser of the amount of the Series 2017-1 Initial Principal Amount or Increase Amount, as applicable, on the Closing Date or the Increase Date, as applicable, to the Issuer for application in accordance with Section 3.3(h).

(e) Notwithstanding any of the foregoing, any Group Bank or Non-Conduit Purchaser who shall have previously notified the Issuer in writing that it or any related Program Support Provider may, in the absence of the Group Bank or Non-Conduit Purchaser having the ability to deliver Delayed Funding Notices hereunder, incur charges under, or in anticipation of, Basel III (which may include external charges incurred by the Group Bank, Non-Conduit Purchaser or Program Support Provider or internal charges incurred by any of their businesses) in respect of its Commitment hereunder or any agreement to support such Commitment, or in respect of its interest in the Series 2017-1 Senior Notes, based on its "liquidity coverage ratio" calculated under Basel III, may, upon receipt of any Deferrable Increase Notice pursuant to Section 3.3(a), notify the Issuer in writing (a "**Delayed Funding Notice**") on or prior to **[12:00 noon]** (Toronto time) on the second Business Day preceding the related Increase Date, of its intent to fund an amount up to its Commitment Percentage of the related Increase Amount (such amount, subject to any adjustment described below, the "**Delayed Amount**") on a Business Day that is on or before the thirty-third (33rd) day following the Increase Date specified in such Deferrable Increase Notice (the "**Delayed Funding Date**") rather than on such Increase Date. If any Group Bank or Non-Conduit Purchaser provides a Delayed Funding Notice to the Issuer following the Issuer's delivery of an Increase Notice pursuant to Section 3.3(a), the Issuer may with written notice to the Administrative Agent delivered prior to 3:00 pm on the second Business Day preceding such Increase Date, (x) decrease the Increase Amount with respect to such Deferrable Increase Notice (or revoke such Deferrable Increase Notice by decreasing the Increase Amount to zero), and/or (y) require any Group Bank or Non-Conduit Purchaser who has provided a Delayed Funding Notice to reduce the Delayed Amount with respect to such Increase by an amount no greater than the Non-Deferrable Draw Amount with respect to such Purchaser Group as of the related Increase Date. In the event that the Increase Amount with respect to such Deferrable Increase Notice is reduced, but not to zero, then any Delayed Amount with respect to any Purchaser Group shall be reduced on a pro rata basis unless otherwise specified by the Issuer pursuant to clause (y) above. No Purchaser Group that has provided a Delayed Funding Notice in respect of an Increase (each a "**Delayed Funding Purchaser Group**") shall be considered to be in default of its obligation to fund its Delayed Amount pursuant to this Section 3.3 unless and until it has failed to fund the Delayed Amount (and/or the Delayed Funding Reimbursement Amount with respect to such Delayed Amount) on or before the Delayed Funding Date. [**NTD: the definition of "Non-Deferrable Draw Amount"**

includes a percentage (currently [10]%) that represents the amount that cannot be deferred by the dealers. OPG should make a proposal as to this percentage.]

(f) If (i) one or more Delayed Funding Purchaser Groups provides a Delayed Funding Notice to the Issuer in respect of any Increase Date; and (ii) the Issuer shall not have decreased the related Increase Amount to zero or required each such Delayed Funding Purchaser Group to reduce the Delayed Amount with respect to such Increase to zero, in each case, pursuant to Section 3.3(e), the Administrative Agent shall, by no later than **[12:00 noon]** (Toronto time) on the Business Day preceding such Increase Date, direct each Purchaser Group that is not a Delayed Funding Purchaser Group with respect to such Increase Date (each a "**Non-Delayed Funding Purchaser Group**") to fund an additional portion of such Increase Amount on such Increase Date equal to such Non-Delayed Funding Purchaser Group's proportionate share (based upon the Maximum Purchaser Group Principal Amount with respect to such Non-Delayed Funding Purchaser Group relative to the sum of the Maximum Purchaser Group Principal Amounts with respect to all Non-Delayed Funding Purchaser Groups) of the aggregate Delayed Amounts with respect to such Increase Date; provided that no Non-Delayed Funding Purchaser Group shall be required to fund any portion of the aggregate Delayed Amounts that would cause its Purchaser Group Principal Amount to exceed its Maximum Purchaser Group Principal Amount. Subject to Section 3.3(a), in the case of a Non-Delayed Funding Purchaser Group that is a Non-Conduit Purchaser, such Non-Conduit Purchaser hereby agrees, or, in the case of a Non-Delayed Funding Purchaser Group that is a CP Conduit Purchaser Group, the CP Conduit in such CP Conduit Purchaser Group may agree, in its sole discretion, and the Group Bank in such CP Conduit Purchaser Group hereby agrees, to fund such portion of the Increase Amount on such Increase Date.

(g) After the Non-Delayed Funding Purchaser Groups fund a Delayed Amount on any Increase Date in accordance with Section 3.3(f), the Delayed Funding Purchaser Group in respect of such Delayed Amount will be obligated to fund the Delayed Funding Reimbursement Amount with respect to such Delayed Amount on or before its Delayed Funding Date, irrespective of whether the Scheduled Commitment Expiry Date shall have occurred on or prior to such Delayed Funding Date or the Issuer would be able to satisfy the conditions set forth in Section 3.3(c) to an Increase in an amount equal to such Delayed Funding Reimbursement Amount on such Delayed Funding Date. Such Delayed Funding Purchaser Group shall fund such Delayed Funding Reimbursement Amount on such Delayed Funding Date by paying such amount to the Administrative Agent in immediately available funds, and the Administrative Agent shall distribute such funds to each such Non-Delayed Funding Purchaser Group, *pro rata* based on the relative amount of such Delayed Amount funded by such Non-Delayed Funding Purchaser Group on such Increase Date pursuant to Section 3.3(f).

(h) The Issuer shall apply amounts paid to it pursuant to Sections 3.3(d) and 3.3(f) in the following order of priority:

(i) As to an amount equal to ●% of the amounts paid to pursuant to Sections 3.3(d) and 3.3(f), by deposit to the Program Cash Reserve Account; and

(ii) as to the balance, in respect of the proceeds of the initial purchase of the Series 2017-1 Notes or a Transfer Increase, by application to payment of the purchase price payable by the Issuer to the IESO under the Master Transfer and Servicing Agreement in respect of the related Transfer and, in respect of the proceeds of a Refinancing Increase, by deposit to the Refinancing Account.

3.4 Procedure for Decreasing the Series 2017-1 Principal Amount; Optional Termination

(a) In the case of a Non-Conduit Purchaser Group, the Related Non-Conduit Purchaser hereby agrees, and in the case of a CP Conduit Purchaser Group, each of the CP Conduit Purchasers and the Group Bank in such CP Conduit Purchaser Group hereby agrees, that the Purchaser Group Principal Amount with respect to such Purchaser Group may be decreased on any Payment Date by such Purchaser Group's Commitment Percentage of a Decrease Amount (a "**Decrease**"), upon the request of the Issuer. Each Payment Date on which a Decrease in the Series 2017-1 Principal Amount occurs hereunder being herein referred to as the "**Decrease Date**" applicable to such Decrease; provided, however, that the Issuer shall have given the Administrative Agent (with a copy to the Indenture Trustee) irrevocable written notice (effective upon receipt), by email communication, substantially in the form of Schedule D (a "**Decrease Notice**") no later than **[3:00 p.m.]** (Toronto time) on the second Business Day prior to any Payment Date that is a Decrease Date. Each Decrease Notice shall state (x) the Decrease Date, and (y) the proposed amount of the decrease in the Series 2017-1 Principal Amount (a "**Decrease Amount**").

(b) Upon each Decrease, the Administrative Agent shall indicate in its records such Decrease and the Purchaser Group Principal Amount outstanding with respect to each Purchaser Group after giving effect to such Decrease. Upon receipt of any notice required by Section 3.4(a) from the Issuer, the Administrative Agent shall forward (by email communication) a copy of such notice to each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group, no later than **[1:00 p.m.]** (Toronto time) on the Business Day received.

(c) On any Business Day, the Issuer shall have the right to deliver an irrevocable written notice (an "**Optional Termination Notice**") to the Administrative Agent in which the Issuer declares that the Commitments shall terminate on the date (the "**Optional Termination Date**") set forth in such notice (which date, in any event, shall be a Payment Date not less than twenty (20) Business Days from the date on which such notice is delivered). Upon receipt of any Optional Termination Notice from the Issuer, the Administrative Agent shall promptly notify each Non-Conduit Purchaser and the Funding Agent with respect to each CP Conduit Purchaser Group thereof.

3.5 Increases and Reductions of the Commitments

(a) The Issuer may from time to time request that any Purchaser Group agree to increase its Maximum Purchaser Group Principal Amount. An increase in such amount shall be effective hereunder if such Purchaser Group shall have agreed in its sole discretion to such increase.

(b) On any Business Day, the Issuer may, upon two (2) Business Days' prior written notice to the Administrative Agent (effective upon receipt) (with copies to the Indenture Trustee) reduce the Series 2017-1 Maximum Principal Amount in an amount equal to $**[10,000,000]** or a whole multiple of $**[1,000,000]** in excess thereof; provided that no such termination or reduction shall be permitted if, after giving effect thereto and to any reduction in the Series 2017-1 Principal Amount on such date, the Purchaser Group Principal Amount with respect to any Purchaser Group would exceed the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group then in effect. Any reduction in the Series 2017-1 Maximum Principal Amount shall be made on a pro rata basis to the Maximum Purchaser Group Principal Amounts with respect to the Purchaser Groups, based on the Maximum Purchaser Group Principal Amount with respect to each Purchaser Group. Once reduced, the Maximum Purchaser Group Principal Amounts may not be

subsequently reinstated without each such Purchaser Group's prior written consent, which consent shall be granted or not in the sole discretion of such Purchaser Group.

(c) The Issuer may extend the Scheduled Commitment Expiry Date only with the prior written consent of the Administrative Agent, each Non-Conduit Purchaser and each Funding Agent.

3.6 Interest; Fees and Other Amounts

(a) Interest shall be payable on the Series 2017-1 Senior Notes on each Payment Date.

(b) The Issuer shall pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser, on each Payment Date, a commitment fee with respect to the preceding Billing Period (the "**Commitment Fee**") during the period from the Closing Date to and including the Commitment Expiry Date in an amount equal to the sum of the following amounts calculated for each day during such Billing Period: (x) the Commitment Fee Rate, multiplied by (y) the amount by which Maximum Purchaser Group Principal Amount with respect to such Purchaser Group on such day exceeds the Purchaser Group Principal Amount with respect to such Purchaser Group on such day, and divided by (z) 365. The Commitment Fees shall be payable monthly in arrears on each Payment Date.

(c) The Funding Agent with respect to each CP Conduit Purchaser Group and each Non-Conduit Purchaser shall provide written notice to the Issuer and the Paying Agent no later than two (2) Business Days prior to each Payment Date, setting forth the Group Monthly Interest and the Group Monthly Fees and Other Amounts with respect to its Related Purchaser Group with respect to the Payment Date.

(d) The Monthly Interest shall be included in each calculation of the Interest Accrual Amount (Senior) for the purposes of Section 7.04(e)(iii) of the Trust Indenture and shall be payable pursuant to Sections 7.05(a), 7.08(a)(i) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date, the Monthly Fees and Other Amounts shall be payable in respect of the Series 2017-1 Notes pursuant to Sections 7.04(e)(iii) or 8.13(c) of the Trust Indenture, as applicable. On each Payment Date the Paying Agent shall, subject to availability of funds, pay to each CP Conduit Purchaser Group and each Non-Conduit Purchaser its Group Monthly Interest and its Group Monthly Fees and Other Amounts with respect to the Payment Date; provided that if the amounts available to pay such Group Monthly Interest and Group Monthly Fees and Other Amounts are insufficient, the amounts available shall be paid *pro rata* based on the amounts owing to each Purchaser Group.

3.7 Accumulation and Repayment of Principal

(a) For the purposes of the Trust Indenture and the Series 2017-1 Notes:

(i) for each Payment Date before the Principal Accumulation Date, the Principal Accumulation Amount shall be the Principal Payment Amount for such Payment Date; and

(ii) for each Payment Date on or after the Principal Accumulation Date, the Principal Accumulation Amount shall be the greater of (x) the Principal Payment Amount

for such Payment Date, and (y) the Principal Accumulation Amount, for such Payment Date.

(b) Each Payment Date where the Principal Payment Amount is not nil shall be a Principal Payment Date in respect of the Series 2017-1 Notes. On each Principal Payment Date in respect of the Series 2017-1 Notes, the Paying Agent shall pay to each Non-Conduit Purchaser and each Funding Agent with respect to its Related Purchaser Group, such Purchaser Group's Pro Rata Share of the Principal Payment Amount for such Principal Payment Date out of funds allocated to the Series 2017-1 Senior Notes pursuant to Sections **7.04(e)(iv)(A), 7.06(a) or 8.13(d)** of the Trust Indenture, as applicable, in repayment of the principal amount of the Series 2017-1 Notes.

3.8 Indemnification by the Issuer

The Issuer agrees to indemnify and hold harmless the Indenture Trustee, the Administrative Agent, each Funding Agent, each CP Conduit Purchaser, the Group Bank, each Non-Conduit Purchaser and each of their respective officers, directors, agents and employees (each, an "**Issuer indemnified person**") from and against any loss, liability, expense, damage or injury suffered or sustained by such Issuer indemnified person by reason of (a) any acts, omissions or alleged acts or omissions arising out of, or relating to, activities of the Issuer pursuant to the Program Agreements to which it is a party; (b) a breach of any representation or warranty made or deemed made by the Issuer (or any of its officers) in any Program Agreement; or (c) a failure by the Issuer to comply with any applicable law or regulation or to perform its covenants, agreements, duties or obligations required to be performed or observed by it in accordance with the provisions of the Program Agreements, including, but not limited to, any judgment, award, settlement, reasonable attorneys' fees and other reasonable costs or expenses incurred in connection with the defense of any actual or threatened action, proceeding or claim, except to the extent such loss, liability, expense, damage or injury resulted from the gross negligence, bad faith or willful misconduct of such Issuer indemnified person or its officers, directors, agents, principals, employees or employers as determined by a court of competent jurisdiction in a final non-appealable judgement or includes any Excluded Taxes; provided that any payments made by the Issuer pursuant to this Section 3.8 shall be made solely from funds available pursuant to Section **[7.04] or [8.13]** of the Trust Indenture, as applicable, shall be non-recourse other than with respect to such funds, and shall not constitute a claim against the Issuer to the extent that such funds are insufficient to make such payment.

3.9 Funding Agents

(a) The Funding Agent with respect to each CP Conduit Purchaser Group is hereby authorized to determine the Group Monthly Interest and Group Monthly Fees and Other Amounts with respect to each Payment Date and such CP Conduit Purchaser Group. Any such determination by a Funding Agent, absent manifest error, shall constitute prima facie evidence of the accuracy of the calculation. Furthermore, the Funding Agent with respect to each CP Conduit Purchaser Group will maintain records sufficient to identify the percentage interest of the related CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser Group holding an interest in the Series 2017-1 Senior Note registered in the name of such Funding Agent and any amounts owing thereunder.

(b) Upon receipt of funds on each Payment Date, each Funding Agent shall pay such funds to the related CP Conduit Purchaser and/or the related Group Bank owed such funds. If a Funding

Agent shall have paid to any CP Conduit Purchaser or Group Bank any funds that (i) must be returned for any reason (including bankruptcy); or (ii) exceeds that which such CP Conduit Purchaser or Group Bank was entitled to receive, such amount shall be promptly repaid to such Funding Agent by such CP Conduit Purchaser or Group Bank.

3.10 Taxes

(a) All payments by or on account of any obligation of the Issuer hereunder shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of Taxes, excluding (i) income taxes (including branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other Taxes based on or measured by the net income of any person legally entitled to receive such payments (each a "**Recipient**") as a result of a present or former connection between the Recipient and the jurisdiction of the Governmental Authority imposing such Taxes (other than any such connection arising solely from the Recipient having executed, delivered or performed its obligations or received a payment under, disposed of, or enforced, this Supplemental Indenture); (ii) any withholding or deduction imposed pursuant to (A) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended ("**FATCA**"), or any successor version thereof, or any similar legislation imposed by any other Governmental Authority, or (B) any treaty, law or regulation or other official guidance enacted by Canada implementing FATCA or any intergovernmental agreement with respect to FATCA or any similar legislation imposed by any other Governmental Authority, including, for greater certainty, the Canada-United States Enhanced Tax Information Exchange Agreement Implementation Act (Canada) and Parts XVIII and XIX of the Income Tax Act (Canada), as amended (collectively, and including FATCA, the "**AEOI Legislation**"); and (iii) any interest, penalties and additions to Taxes in respect of (i) and (ii) (all such excluded Taxes being hereinafter called "**Excluded Taxes**"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Recipient hereunder, the amounts so payable to the Recipient shall be increased, and the Recipient shall be entitled to be paid by the Issuer the amount of such increase to the extent necessary to yield to the Recipient (after payment of all such Taxes other than Excluded Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified hereunder. Where the amount payable by the Issuer is increased in accordance with the previous sentence, the Group Monthly Interest shall be increased by the amount of such increase. Whenever any Taxes are payable on or with respect to amounts distributed to a Recipient, as promptly as possible thereafter the Issuer shall send to such Recipient a certified copy of an original official receipt showing payment thereof.

(b) If a payment by or on account of any obligation of the Issuer hereunder would be subject to withholding Taxes under any AEOI Legislation if the Recipient were to fail to comply with the applicable reporting requirements of any AEOI Legislation, such Recipient shall deliver to the Issuer at the time or times prescribed by law and at such time or times reasonably requested by the Issuer such documentation prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under any AEOI Legislation and to determine that such Recipient has complied with its obligations under any AEOI Legislation, or to determine the amount to deduct and withhold from such payment. If any form or certification it previously delivered by a Recipient expires or becomes obsolete or inaccurate in any respect, the Recipient shall update such form or certification or promptly notify the Issuer in writing of its legal inability to do so.

(c) If a Recipient is legally entitled to receive a refund of any Taxes (other than Excluded Taxes) as to which it has been indemnified or with respect to which additional amounts have been paid to it hereunder or it is legally entitled to receive a credit or deduction with respect to such Taxes or with respect to such additional amounts that have been paid hereunder (in each case pursuant to Section 3.10(a)), it shall use commercially reasonable efforts to obtain or claim such refund, credit or deduction and pay over such refund or the value of such credit or deduction to the Issuer, together with any interest thereon.

3.11 Increased Costs

(a) (i) If any Regulatory Change (x) subjects any Affected Party to any charge or withholding on or with respect to any Support Facility or this Supplemental Indenture or an Affected Person's obligations under a Support Facility or this Supplemental Indenture, or changes the basis of taxation of payments to any Affected Person of any amounts payable under any Support Facility or this Supplemental Indenture Agreement (except for changes in the rate of tax on the overall net income of an Affected Person or Excluded Taxes) or (y) imposes, modifies or deems applicable any reserve, assessment, fee, tax, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or liabilities of an Affected Person, or credit extended by an Affected Person pursuant to a Support Facility or this Supplemental Indenture or (z) imposes any other condition the result of which is to increase the cost to an Affected Person of performing its obligations under a Support Facility or this Supplemental Indenture, or to reduce the rate of return on an Affected Person's capital or assets as a consequence of its obligations under a Support Facility or this Supplemental Indenture, or to reduce the amount of any sum received or receivable by an Affected Person under a Support Facility or this Supplemental Indenture, or to require any payment calculated by reference to the amount of interests or loans held or interest received by it, then, upon written request by such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) of a written request therefore to the Issuer, such Affected Party (through the Funding Agent for its Purchaser Group if the Affected Party is a Program Support Provider, CP Conduit Purchaser or Group Bank) shall be entitled to be paid, such amounts charged to such Affected Party or such amounts to otherwise compensate such Affected for such increased cost or such reduction, no later than the Payment Date following receipt by the Issuer of such request for compensation under this Section 3.11(a)(i), if such request is received by the Issuer no later than five (5) Business Days prior to the end of the Interest Period related to such Payment Date, and otherwise on the following Payment Date.

(ii) The Issuer acknowledges that any Affected Party may implement, as an internal institutional matter, measures in anticipation of a final or proposed Regulatory Change (including, without limitation, the imposition of internal charges on such Affected Party's interest or obligations under any Support Agreement or this Supplemental Indenture) and may commence recognizing the incurrence of charges by seeking compensation under Section 3.11(a)(i) in connection with such measures, in advance of the effective date of such final or proposed Regulatory Change, and the Issuer agrees that such charges or compensation shall be payable, to the related Funding Agent, for the benefit of Affected Party, following demand therefor without regard to whether such proposed Regulatory Change has been adopted or whether such effective date has occurred; provided, that (I) the Affected Party shall provide thirty (30) days prior written notice to the Issuer of its intent to impose or incur any such charges or compensation, (II) an Affected Party shall not be compensated for any such amount pursuant to this subsection 3.11(a)(ii)

relating to any period ending, and of which such Affected Party has had knowledge, more than one year prior to the date that such Affected Party provided the Issuer with the written notice contemplated by the preceding clause (I) of this subsection 3.11(a)(ii), (III) if, after the payment by the Trust of any charges or compensation pursuant to this subsection 3.11(a)(ii), either (A) the Issuer requests in writing that the applicable Affected Party re-compute any such charge or compensation in light of differences between a proposed Regulatory Change and the final effective version thereof or (B) the applicable Affected Party determines that the amount of the charge imposed on and required to be compensated by the Issuer exceeds the amount necessary to compensate it for the applicable Regulatory Change as contemplated by subsection 3.11(a)(i), then (x) the amount of such charge or compensation shall, from and after such determination, be reduced by the amount of such excess and (y) such Affected Party shall, within thirty (30) days of such determination, either repay the amount of such excess or credit the amount of such excess against future charges under this subsection 3.11(a)(ii). The Issuer further acknowledges that any charge or compensation demanded hereunder may take the form of a monthly charge to be assessed by such Affected Party.

(b) Each Affected Party claiming increased amounts described in subsection 3.11(a) of this Supplemental Indenture will furnish to the Issuer (together with its request for compensation) a certificate prepared in good faith setting forth the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 3.11(a) hereof. Any such certificate shall be conclusive absent manifest error. Failure on the part of any Affected Party to demand compensation for any amount pursuant to subsection 3.11(a) hereof with respect to any period shall not constitute a waiver of such Affected Party's right to demand compensation with respect to such period.

ARTICLE 4
CONDITIONS PRECEDENT

4.1 Conditions Precedent to Initial Purchase of Series 2017-1 Senior Notes

On or prior to the initial purchase of Series 2017-1 Senior Notes hereunder, the following conditions precedent shall be satisfied:

(a) Each of the conditions precedent set forth in Section 5.01 of the Trust Indenture in respect of the incurrence of Funding Obligations under this Supplemental Indenture shall have been satisfied.

(b) The Administrative Agent and each of the Funding Agents shall have received:

(i) executed copies of the Fee Letter, this Supplemental Indenture, the Manager Indemnity and copies of each of the other Program Agreements certified by an Authorized Officer of the Issuer;

(ii) certificates of status or compliance or other similar documents issued by the applicable governmental authority to evidence that each of the Issuer Trustee, the IESO and the Manager is validly existing pursuant to the laws of the jurisdiction of their respective establishment or incorporation;

(iii) a copy of the incorporating documents and all amendments thereto and applicable by-laws of each of the Issuer Trustee, the IESO and the Manager certified by an Authorized Officer of the applicable entity;

(iv) a copy of the Declaration of Trust certified by an Authorized Officer of the Issuer;

(v) copies of resolutions of the board of directors of the IESO and the Manager approving and authorizing the execution, delivery and performance of each Program Agreement they are party to, in each case certified by an Authorized Officer of the applicable entity;

(vi) incumbency certificates for each of the Issuer Trustee, the Manager and the IESO executing this Supplemental Indenture and any other Program Agreements and the other documents to be delivered by either the Issuer Trustee, the Manager or the IESO thereunder, in each case showing their names, offices and specimen signatures on which certificates the Administrative Agent and the Purchaser Groups shall be entitled to conclusively rely until such time as the Administrative Agent and the Funding Agents receive a replacement certificate meeting the requirements of this Section 4.1(b)(vi);

(vii) the following Opinions of Counsel:

(A) the opinion of external counsel to the Manager as to the non-consolidation of the Issuer with the Manager in the event of the insolvency of the Manager in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(B) the opinion of external counsel to the IESO as to the Investment Asset acquired by the Issuer not being subject to the claims of creditors of the IESO in form and substance satisfactory to the Administrative Agent and the Funding Agents;

(C) favourable opinions of external counsel to the Manager covering general corporate matters, the due execution and delivery of, and the enforceability of, each of the Program Agreements to which the Manager, the Issuer and the Issuer Trustee are party which opinion, as to certain matters, may rely on opinion of internal counsel to the Manager and the Issuer Trustee; and

(D) a favourable opinion of external counsel to the Province with respect to the due authorization, execution, delivery and enforceability of the Change of Law Protection Agreement in form and substance satisfactory to the Administration Agent and the Funding Agents;

(viii) a certificate of an Authorized Officer of the Manager confirming that the representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture are true and correct in all material respects, that the Issuer is in compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and that no Termination Event has occurred; and

(ix) such additional documents, instruments, certificates or letters as the Administrative Agent or any Funding Agent may reasonably request.

(c) The representations and warranties set forth in Section **[12.01]** of the Trust Indenture and Section 5.1 of this Supplemental Indenture shall be true and correct in all material respects, the Issuer shall be compliance in all material respects with all of its covenants and obligations under the Program Agreements to which it is a party and no Termination Event shall have occurred.

(d) The Series 2017-1 Senior Notes shall have been duly issued in accordance with the Trust Indenture and each Funding Agent and Non-Conduit Purchaser shall have received its Series 2017-1 Senior Note registered in its name or a nominee in a face amount equal to its Maximum Purchaser Group Principal Amount.

(e) After giving effect to the purchase, the covenant of the Issuer in Section 6.1(d) will be satisfied.

(f) All fees payable on or before the Closing Date pursuant to the Fee Letter shall have been paid in full [**(or arrangements satisfactory to the Administrative Agent and the Funding Agents have been made)**]. [**NTD**: to be discussed]

(g) The Rating Agency Condition shall have been satisfied in respect of the initial purchase.

4.2 Conditions Precedent to each Increase under Series 2017-1 Senior Notes

On or prior to each Increase, the following conditions precedent shall be satisfied:

(a) the Administrative Agent shall have received an Increase Notice;

(b) no Termination Event shall have occurred or would occur after giving effect to such Increase;

(c) the Increase Date in respect of the Increase is prior to the Commitment Expiry Date;

(d) if the Increase is identified as a Transfer Increase in the Increase Notice, then the related Transfer under the Master Transfer and Servicing Agreement shall have been completed or contemporaneously completed; and

(e) after giving effect to the Increase, the Rating Agency Condition will be satisfied.

The Issuer's acceptance of funds in connection with each Increase occurring on any Increase Date shall constitute a representation and warranty by the Issuer to the Administrative Agent and the Purchaser Groups as of such Increase Date that all of the conditions contained in Section 3.3(a) and this Section 4.2 are satisfied.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Administrative Agent and the Purchaser Groups as of the Closing Date, and shall be deemed to represent and warrant to the Administrative Agent and the Purchaser Groups on each Increase Date, that:

(a) no Termination Event has occurred or would result from the initial purchase of the Issuer Investment Interest on the Closing Date or any increase in the Issuer Investment Interest on an Increase Date, as applicable;

(b) the Issuer is not a non-resident of Canada within the meaning of the *Income Tax Act* (Canada);

(c) all tax returns (federal, provincial and local) required to be filed with respect to the Issuer have been filed and there has been paid or adequate provision made for the payment of all material Taxes in respect of the Issuer;

(d) the Issuer has complied in all material respects with all laws in respect of the conduct of its business and ownership of its property including the Issuer Investment Interest;

(e) all information provided to the Administrative Agent and the Purchaser Groups by or on behalf of the Issuer in respect of the Issuer Investment Interest is and will be true and accurate in all material respects; and

(f) to its knowledge, there is no set of circumstances existing at such time that will have an Adverse Effect or will reasonably be expected to have an Adverse Effect.

5.2 Representations and Warranties of the Purchasers

Each Purchaser Group member represents and warrants to the Issuer as of the Closing Date, and shall be deemed to represent and warrant to the Issuer on each Increase Date, that:

(a) it is resident in Ontario or is otherwise subject to the securities legislation of the Province of Ontario;

(b) it is purchasing the applicable Series 2017-1 Senior Notes (i) as principal for its own account and not for the benefit of any other "person" (as defined in the *Securities Act* (Ontario)) or company; and (ii) for cash consideration in excess of $150,000; and

(c) it was not created and is not being used solely to purchase or hold securities in reliance on the exemption from the prospectus and dealer registration requirements contained in Section 2.10 of National Instrument 45-106 − Prospectus and Registration Exemptions.

5.3 Survival

The representations and warranties set out in this Article 5 shall survive the execution hereof.

ARTICLE 6
COVENANTS

6.1 Covenants of the Issuer

(a) The Issuer shall promptly provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies if requested) copies of all material reports, notices, financial statements and other documents delivered by the IESO to the Issuer with respect to the Issuer Investment Interest or pursuant to the Master Transfer and Servicing Agreement.

(b) The Issuer shall provide to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser (in multiple copies, if requested) such other information, documents, records or reports respecting the Issuer Investment Interest, the Issuer or the IESO which is in the possession or under the control of the Issuer or the Manager, as the Administrative Agent, a Funding Agent or a Non-Conduit Purchaser may from time to time reasonably request.

(c) The Issuer shall furnish to the Administrative Agent, each Funding Agent and each Non-Conduit Purchaser promptly after known to the Issuer or the Manager, information with respect to any action, suit or proceeding involving the Manager, the Issuer or the IESO or any of their respective Affiliates by or before any court or any Governmental Authority which, if adversely determined, would have an Adverse Effect.

(d) The Issuer will, at all times, cause the aggregate outstanding principal amount of Subordinated Funding Obligations and Junior Subordinated Funding Obligations to be not less than [49]% of the aggregate outstanding principal amount of all Issuer Funding Obligations.

(e) The Issuer will not make any amendments to the Funding Obligation Agreements governing any outstanding Subordinated Funding Obligations or Junior Subordinated Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders.

(f) The Issuer will not hold or own, directly or indirectly, any share or equity security of, or any equity interest in, any Person.

(g) The Issuer confirms that this Supplemental Indenture is a Warehouse Facility Agreement. The Issuer will not enter into any other Warehouse Facility Agreement creating Senior Funding Obligations without the prior written consent of the Requisite Series 2017-1 Noteholders unless the Commitment Expiry Date has occurred.

ARTICLE 7
AGENTS

7.1 Administrative Agent

(a) Each of the Non-Conduit Purchasers, CP Conduit Purchasers, the Group Banks and the Funding Agents hereby irrevocably designates and appoints the Administrative Agent as the agent of such Person under this Supplemental Indenture and irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Supplemental Indenture, together with such other

powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against the Administrative Agent.

(b) The Administrative Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

(c) Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks or the Funding Agents for any recitals, statements, representations or warranties made by the Issuer, the IESO, the Manager or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by the Administrative Agent.

(e) The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless the Administrative Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, a Funding Agent, the Issuer or the Manager referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Non-Conduit Purchasers, the Funding Agents, the Issuer Trustee and the Manager.

(f) Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by the Administrative Agent to any such Person. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents also represents that it will, independently and without reliance upon the Administrative Agent or any other Non-Conduit Purchaser, CP Conduit Purchaser, Group Bank or Funding Agent, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO. Except for notices, reports and other documents expressly required to be furnished to the Non-Conduit Purchasers and the Funding Agents by the Administrative Agent hereunder, the Administrative Agent shall have no duty or responsibility to provide any Non-Conduit Purchaser, any CP Conduit Purchaser, any Group Bank or any Funding Agent with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Issuer, the Manager or the IESO which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys in fact or Affiliates.

(g) The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Issuer, the Manager and the IESO as though the Administrative Agent were not the Administrative Agent hereunder. With respect to any Series 2017-1 Senior Note held by the Administrative Agent, the Administrative Agent shall have the same rights and powers under this Supplemental Indenture and the other Program Agreements as any Group Bank or Funding Agent and may exercise the same as though it were not the Administrative Agent, and the terms "Group Bank," and "Funding Agent" shall include the Administrative Agent in its individual capacity.

(h) The Administrative Agent may resign as Administrative Agent at any time by giving 30 days' notice to the Non-Conduit Purchasers, the Funding Agents, the Indenture Trustee, the Issuer and the Manager. If ● shall resign as Administrative Agent under this Supplemental Indenture, then the Requisite Series 2017-1 Noteholders shall appoint a successor administrative agent from among the Non-Conduit Purchasers and Funding Agents, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Supplemental Indenture. If no successor administrative agent

has accepted appointment as Administrative Agent prior to the effective date of the resignation of the Administrative Agent, the retiring Administrative Agent may appoint, after consulting with the Non-Conduit Purchasers and the Funding Agents, a successor Administrative Agent from among the Non-Conduit Purchasers and the Funding Agents. If no successor administrative agent has accepted appointment by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and Manager shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Requisite Series 2017-1 Noteholders appoint a successor administrative agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Supplemental Indenture.

7.2 Funding Agents

(a) Each CP Conduit Purchaser and each Group Bank with respect to such CP Conduit Purchaser hereby irrevocably designates and appoints the Funding Agent set forth next to such CP Conduit Purchaser's name on Schedule E as the agent of such Person under this Supplemental Indenture and irrevocably authorizes such Funding Agent, in such capacity, to take such action on its behalf under the provisions of this Supplemental Indenture and to exercise such powers and perform such duties as are expressly delegated to such Funding Agent by the terms of this Supplemental Indenture, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Supplemental Indenture, each Funding Agent shall not have any duties or responsibilities except those expressly set forth herein, or any fiduciary relationship with any CP Conduit Purchaser or Group Bank and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Supplemental Indenture or otherwise exist against each Funding Agent.

(b) Each Funding Agent may execute any of its duties under this Supplemental Indenture by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Each Funding Agent shall not be responsible to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group for the negligence or misconduct of any agents or attorneys in fact selected by it with reasonable care.

(c) Each Funding Agent and any of its officers, directors, employees, agents, attorneys in fact or Affiliates shall not be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with the Trust Indenture, this Supplemental Indenture or any other Program Agreement (except to the extent that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the CP Conduit Purchasers and/or Group Banks for any recitals, statements, representations or warranties made by the Issuer, the Manager or the IESO, or any officer thereof contained in this Supplemental Indenture or any other Program Agreement or in any certificate, report, statement or other document referred to or provided for in, or received by such Funding Agent under or in connection with, this Supplemental Indenture or any other Program Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Supplemental Indenture, any other Program Agreement, or for any failure of any of the Issuer, the Manager or the IESO to perform its obligations hereunder or thereunder. Each Funding Agent shall not be under any obligation to the CP Conduit Purchaser or any Group Bank in its CP Conduit Purchaser Group to

ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Supplemental Indenture, any other Program Agreement or to inspect the properties, books or records of the Issuer, the Manager or the IESO.

(d) Each Funding Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter or electronic message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Issuer, the Manager or the IESO), independent accountants and other experts selected by such Funding Agent. Each Funding Agent shall be fully justified in failing or refusing to take any action under this Supplemental Indenture or any other Program Agreement unless it shall first receive such advice or concurrence of the Related Purchaser Group, as it deems appropriate or it shall first be indemnified to its satisfaction by the Related Purchaser Group against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action.

(e) Each Funding Agent shall not be deemed to have knowledge or notice of the occurrence of any Termination Event unless such Funding Agent has received written notice from a Non-Conduit Purchaser, a CP Conduit Purchaser, a Group Bank, the Issuer, the Manager or the Administrative Agent referring to the Trust Indenture or this Supplemental Indenture, describing such Termination Event and stating that such notice is a "notice of a Termination Event," as the case may be. In the event that any Funding Agent receives such a notice, such Funding Agent shall give notice thereof to the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group. Such Funding Agent shall take such action with respect to such event as shall be reasonably directed by the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group, provided that unless and until such Funding Agent shall have received such directions, such Funding Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the CP Conduit Purchaser and Group Bank in its CP Conduit Purchaser Group.

(f) Each CP Conduit Purchaser and each of the related Group Banks expressly acknowledge that neither its Funding Agent nor any of its officers, directors, employees, agents, attorneys in fact or Affiliates has made any representations or warranties to it and that no act by such Funding Agent hereinafter taken, including any review of the affairs of the Issuer, the Manager or the IESO shall be deemed to constitute any representation or warranty by such Funding Agent to any such Person. Each CP Conduit Purchaser and each of the related Group Banks represents to its Funding Agent that it has, independently and without reliance upon such Funding Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Issuer, the Manager and the IESO and made its own decision to enter into this Supplemental Indenture. Each CP Conduit Purchaser and each of the related Group Banks also represents that it will, independently and without reliance upon its Funding Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Supplemental Indenture and the other Program Agreements, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other conditions and creditworthiness of the Issuer, the Manager and the IESO.

(g) Each Group Bank in a CP Conduit Purchaser Group agrees to indemnify its Funding Agent in its capacity as such (to the extent not reimbursed by the Issuer and without limiting the obligation of the Issuer to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against such Funding Agent in any way relating to or arising out of this Supplemental Indenture, any of the other Program Agreements or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Funding Agent under or in connection with any of the foregoing; provided that no Group Bank shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such related Funding Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of all amounts payable hereunder.

ARTICLE 8
GENERAL

8.1 Successor and Assigns

(a) This Supplemental Indenture shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that (i) the Issuer may not assign or transfer any of its rights under this Supplemental Indenture without the prior written consent of all of the Series 2017-1 Noteholders; (ii) no Non-Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than pursuant to paragraph (e) or (f) below; (iii) no CP Conduit Purchaser may assign or transfer any of its rights under this Supplemental Indenture other than to the Group Bank with respect to such CP Conduit Purchaser or a Program Support Provider with respect to such CP Conduit Purchaser or pursuant to clause (b) or (e) below of this Section 8.1; and (iv) no Group Bank may assign or transfer any of its rights or obligations under this Supplemental Indenture except to a Program Support Provider or pursuant to clause (c), (d) or (e) below of this Section 8.1.

(b) Without limiting the foregoing, each CP Conduit Purchaser may assign all or a portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser and its rights and obligations under this Supplemental Indenture to a Conduit Assignee with respect to such CP Conduit Purchaser. Prior to or concurrently with the effectiveness of any such assignment (or if impracticable, immediately thereafter), the assigning CP Conduit Purchaser shall notify the Administrative Agent and the Issuer. Upon such assignment by a CP Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser; (ii) the related administrative or managing agent for such Conduit Assignee will act as the administrative agent for such Conduit Assignee hereunder, with all corresponding rights and powers, express or implied, granted to the Funding Agent hereunder; (iii) such Conduit Assignee and its liquidity support provider(s) and credit support provider(s) and other related parties shall have the benefit of all the rights and protections provided to such CP Conduit Purchaser herein (including, without limitation, any limitation on recourse against such Conduit Assignee as provided in this paragraph); (iv) such Conduit Assignee shall assume all of such CP Conduit Purchaser's obligations, if any, hereunder with respect to such portion of the Purchaser Group Principal Amount and such CP Conduit Purchaser shall be released from such obligations; (v) all

distributions in respect of the Purchaser Group Principal Amount or such portion thereof with respect to such CP Conduit Purchaser shall be made to the applicable agent or administrative agent, as applicable, on behalf of such Conduit Assignee; and (vi) if requested by the Administrative Agent or the agent or administrative agent with respect to the Conduit Assignee, the parties will execute and deliver such further agreements and documents and take such other actions as the Administrative Agent or such agent or administrative agent may reasonably request to evidence and give effect to the foregoing. No assignment by any CP Conduit Purchaser to a Conduit Assignee of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser shall in any way diminish the obligations of the Group Bank with respect to such CP Conduit Purchaser under Section 3.3 to fund any Increase.

(c) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law, at any time, sell all or any part of its rights and obligations under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), to one or more banks (an "**Acquiring Group Bank**") pursuant to a transfer supplement, substantially in the form of Exhibit H (the "**Transfer Supplement**"), executed by such Acquiring Group Bank, such assigning Group Bank, the Funding Agent with respect to such Group Bank, the Administrative Agent and the Issuer and delivered to the Administrative Agent. Notwithstanding the foregoing, no Group Bank shall so sell its rights hereunder if such Acquiring Group Bank is not an Eligible Assignee.

(d) Any Group Bank may, in the ordinary course of its business and in accordance with applicable law at any time sell to one or more financial institutions or other entities ("**Group Bank Participants**") participations in its Commitment Amount with respect to its related CP Conduit Purchaser Group, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Group Bank and the Group Bank Participant; provided, however, that (i) in the event of any such sale by a Group Bank to a Group Bank Participant, (A) such Group Bank's obligations under this Supplemental Indenture shall remain unchanged, (B) such Group Bank shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Group Bank in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Group Bank shall sell any participating interest under which the Group Bank Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Group Banks hereunder. A Group Bank Participant shall have the right to receive compensation pursuant to Sections 3.10 and 3.11 but only to the extent that the related selling Group Bank would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Group Bank Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Group Bank Participant were a Group Bank.

(e) Any CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser may, at any time, sell all or any part of their respective rights and obligations, and any Non-Conduit Purchaser may, at any time, sell all or any part of its rights and obligations, under this Supplemental Indenture and the Series 2017-1 Senior Notes, with the prior written consent of the Administrative Agent and the Issuer (in each case, which consent shall not be unreasonably withheld), (x) to a

multi-seller commercial paper conduit and one or more banks providing support to such multi-seller commercial paper conduit, or (y) to a financial institution or other entity (an "**Acquiring Purchaser Group**") pursuant to a transfer supplement, substantially in the form of Exhibit I (the "**Purchaser Group Supplement**"), executed by such Acquiring Purchaser Group (including the CP Conduit Purchaser and the Group Banks, if any, with respect to such Acquiring Purchaser Group), the Funding Agent, if any, with respect to such Acquiring Purchaser Group, such assigning Purchaser Group (including the Group Banks, if any, with respect to such assigning Purchaser Group), the Funding Agent, if any, with respect to such assigning Purchaser Group and the Administrative Agent and the Issuer and delivered to the Administrative Agent.

(f) Any Non-Conduit Purchaser may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more financial institutions or other entities ("**Non-Conduit Purchaser Participants**") participations in its Commitment, its Series 2017-1 Senior Note and its rights hereunder pursuant to documentation in form and substance satisfactory to such Non-Conduit Purchaser and the Non-Conduit Purchaser Participant; provided, however, that (i) in the event of any such sale by a Non-Conduit Purchaser to a Non-Conduit Purchaser Participant, (A) such Non-Conduit Purchaser's obligations under this Supplemental Indenture shall remain unchanged, (B) such Non-Conduit Purchaser shall remain solely responsible for the performance thereof, and (C) the Issuer and the Administrative Agent shall continue to deal solely and directly with such Non-Conduit Purchaser in connection with its rights and obligations under this Supplemental Indenture; and (ii) no Non-Conduit Purchaser shall sell any participating interest under which the Non-Conduit Purchaser Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Supplemental Indenture, the Trust Indenture or any Program Agreement, except to the extent that the approval of such amendment, consent or waiver otherwise would require the unanimous consent of all Series 2017-1 Noteholders hereunder. A Non-Conduit Purchaser Participant shall have the right to receive compensation under Sections 3.10 and 3.11 but only to the extent that the related selling Non-Conduit Purchaser would have had such right absent the sale of the related participation and, with respect to amounts due pursuant to Sections 3.10 and 3.11, only to the extent such Non-Conduit Purchaser Participant shall have complied with the provisions of Sections 3.10 and 3.11 as if such Non-Conduit Purchaser Participant were a Non-Conduit Purchaser.

(g) The Issuer authorizes each Group Bank and Non-Conduit Purchaser to disclose to any Group Bank Participant, Acquiring Group Bank, Non-Conduit Purchaser Participant or Acquiring Purchaser Group (each, a "**Transferee**") and any prospective Transferee any and all financial information in such Group Bank's or Non-Conduit Purchaser's possession concerning the Issuer, the Issuer Investment Asset and the Program Agreements which has been delivered to such Group Bank by the Issuer or the Manager in connection with such Group Bank's credit evaluation of the Issuer and the Issuer Investment Asset.

(h) Notwithstanding any other provision of this Supplemental Indenture to the contrary, any Non-Conduit Purchaser, any Group Bank or any Program Support Provider may at any time pledge or grant a security interest in all or any portion of its rights under its Series 2017-1 Senior Note and this Supplemental Indenture to secure obligations of such Non-Conduit Purchaser, such Group Bank or such Program Support Provider to a Federal Reserve Bank or the Bank of Canada, without notice to or consent of the Administrative Agent, the Issuer or the Administrator; provided that no such pledge or grant of a security interest shall release a Non-Conduit Purchaser or an Group Bank

from any of its obligations hereunder or substitute any such pledgee or grantee for such Non-Conduit Purchaser or such Group Bank as a party hereto.

8.2 Waiver

Without limiting the requirements of Section **[11.02]** of the Trust Indenture which shall be applicable to this Supplemental Indenture, no waiver of any provision of this Supplemental Indenture or consent to any departure by the Issuer from any provision of this Supplemental Indenture will be effective (in whole or in part) unless in writing and signed by the Requisite Series 2017-1 Noteholders. Such waiver will be effective only in the specific instance, for the specific purpose and for the specific length of time for which it is given by the Requisite Series 2017-1 Noteholders.

8.3 Notice

All notices, requests, instructions and demands to or upon any party hereto to be effective shall be given (a) in the case of the Issuer and the Indenture Trustee, in the manner set forth in Article **[15]** of the Trust Indenture; and (b) in the case of the Administrative Agent, the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents, in writing, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand or three days after being deposited in the mail, postage prepaid, in the case of facsimile notice, when received, or in the case of overnight air courier, one Business Day after the date such notice is delivered to such overnight courier, addressed as follows in the case of the Administrative Agent and to the addresses therefor set forth in Schedule E, in the case of the Non-Conduit Purchasers, the CP Conduit Purchasers, the Group Banks and the Funding Agents; or to such other address as may be hereafter notified by the respective parties hereto:

Administrative Agent:

- ●

8.4 No Waiver: Remedies

No failure on the part of any party to exercise, and no delay in exercising, any power, right or remedy hereunder will operate as a waiver thereof; nor will any single or partial exercise of any such power, right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by applicable law.

8.5 Entire Agreement

This Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements contain the entire agreement between the parties relative to the subject matter hereof and supersede all prior and contemporaneous agreements, term sheets, commitments, understandings, negotiations and discussions, whether oral or written. There are no warranties, representations or other agreements between the parties in connection with the subject matter

hereof except as specifically set forth in this Supplemental Indenture, the Fee Letter, the Trust Indenture and the other Program Agreements.

8.6 Governing Law and Attornment

This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the parties hereby attorn to the jurisdiction of the courts of Ontario.

8.7 Acknowledgment of Trust Indenture and No Proceedings

The Administrative Agent, each Non-Conduit Purchaser, each CP Conduit Purchaser, each Group Bank and each Funding Agent hereby acknowledges and agrees in favour of the Indenture Trustee that it is a Specified Creditor under the Trust Indenture and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under the Trust Indenture including, without limitation, Section **[7.06]** (Payments Held in Trust), Section **[8.12]** (Limitation on Suits), Sections **[7.04 and 8.13]** (Payment Priorities), Section **[8.14]** (Limited Recourse) and Section **[16.01]** (No Petition).

8.8 Expenses

The Issuer agrees to pay on demand (a) to the Indenture Trustee, the Administrative Agent and the Purchaser Groups all reasonable costs and expenses in connection with the preparation, execution, and delivery of this Supplemental Indenture and the other documents to be delivered hereunder or in connection herewith, including, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent and the Purchaser Groups, with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by each rating agency then rating the Commercial Paper of such CP Conduit Purchaser of the transactions contemplated by this Supplemental Indenture and the Program Agreements; (b) to the Indenture Trustee, the Administrative Agent and each Purchaser Group all reasonable costs and expenses in connection with any amendments of or waivers or consents under this Supplemental Indenture or the Program Agreements, including in each case the reasonable fees and out-of-pocket expenses of counsel with respect thereto, and the reasonable fees and out-of-pocket expenses incurred by the CP Conduit Purchasers in connection with the review by any rating agency then rating the Commercial Paper of such CP Conduit Purchasers; and (c) to the Indenture Trustee, the Administrative Agent and each Purchaser Group, on demand, all reasonable costs and expenses (including reasonable fees and expenses of counsel to the Administrative Agent and each Purchaser Group), if any, in connection with the enforcement of this Supplemental Indenture or any of the Program Agreements, and the other documents delivered thereunder or in connection therewith.

8.9 Further Assurances

Each of the parties hereto upon the request of the other party or parties hereto shall do, execute, acknowledge and deliver or cause to be done, executed acknowledged or delivered all such further acts, deeds, documents, assignments, transfers, conveyances, powers of attorney and assurances as may be reasonably necessary or desirable to effect or complete the consummation of the transactions contemplated by this Supplemental Indenture.

8.10 Confidentiality

(a) Each Purchaser Group and the Administrative Agent covenants and agrees that any non-public information obtained by it pursuant to this Supplemental Indenture and the other Program Agreements shall be held in confidence except that the Purchaser Groups or Administrative Agent may disclose such information (i) pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding (whether or not having the force or effect of law) provided that, unless prohibited by applicable law, a Purchaser Group or the Administrative Agent, as applicable, shall provide prompt notice of such order to the affected party; (ii) upon the request or demand of any regulatory authority having or claiming jurisdiction over any Purchaser Group or the Administrative Agent; (iii) as required by applicable law including, without limitation, all applicable securities laws; (iv) to the extent that such information becomes publicly available other than by reason of improper disclosure by a Purchaser Group or the Administrative Agent; (v) to its affiliates, officers, directors, employees, legal counsel, independent auditors, accountants, advisors, investors, potential investors, commercial paper dealers, providers of surety, guaranty, credit or liquidity enhancement (including the directors, officers and accountants of such surety, guaranty, credit or liquidity enhancement provider), legal counsel of any of the foregoing and other experts or agents who need to know such information and are informed of the confidential nature of such information (provided that the Persons permitted to make such disclosures under clauses (i), (ii) and (iii) of this Section 8.10 shall also include credit or liquidity enhancers of a CP Conduit Purchaser); (vi) for purposes of establishing a "due diligence" defense; (vii) which was available to a Purchaser Group or the Administrative Agent on a non-confidential basis from a source other than the affected party, provided that such source was not to the knowledge of the Purchaser Group or the Administrative Agent, as applicable, bound by a confidentiality agreement with the affected party; (viii) has been independently acquired or developed by a Purchaser Group or the Administrative Agent without violating any of the Purchaser Group's or the Administrative Agent's obligations under this Supplemental Indenture; (ix) if such disclosure has been approved in writing in advance by the Issuer or the Manager; (x) regarding the existence of this Supplemental Indenture, but not the financial terms thereof; and (xi) to DBRS and Moody's and any other Rating Agencies.

(b) The Issuer covenants and agrees to hold in confidence, and not disclose to any Person, the terms of this Supplemental Indenture (including any fees payable in connection with this Supplemental Indenture or the identity of any CP Conduit Purchaser under this Supplemental Indenture), except as the applicable Purchaser Group may have consented to in writing prior to any proposed disclosure and except (i) it may also disclose such information (A) to its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors who are directly involved in the consideration of this Supplemental Indenture (and then only on a confidential basis), (B) to the Manager and its officers, directors, employees, legal counsel, independent auditors, accountants and other advisors, (C) any ministry or agency of the Province of Ontario and, in each case, their respective employees, officials, agents and advisors, (D) as required by applicable law (including, without limitation, applicable securities law) or compulsory legal process, (E) as expressly permitted by the terms of the Program Agreements, and (F) to DBRS and Moody's and any other Rating Agencies; provided, that, in the case of clause (D), the Issuer will use all commercially reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the affected Administrative Agent or Purchaser Group of its intention to make any such disclosure prior to making such disclosure; and (ii) it may also disclose the

existence (but not the financial terms) of this Supplemental Indenture, including to any actual or prospective purchaser of other Notes.

(c) The parties hereto acknowledge that a description of this Supplemental Indenture and the Series 2017-1 Senior Note will be included in the preliminary and final offering memoranda of the Issuer relating to the issue of other Notes from time to time.

8.11 Acknowledgement and Consent to Bail-In of EEA Financial Institutions

Notwithstanding anything to the contrary in this Supplemental Indenture or in any other Program Agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Supplemental Indenture or any other Program Agreement, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments or ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Supplemental Indenture or any other Facility Agreement; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

8.12 Limitation of Liability of Issuer Trustee

Each party hereto other than the Issuer acknowledges that the Issuer is a trust, and that ● Trust Company of Canada is the Issuer Trustee. The other parties hereto agree that the Issuer Trustee will not be subject to any liability whatsoever to them, in tort, contract or otherwise, in connection with the Issuer's assets or the trust activities, for any action taken or permitted by it to be taken, or for its failure to take any action; provided that the foregoing limitation will not apply in respect of any action or failure to act arising from or in connection with wilful misconduct, negligence or reckless disregard of a duty by the Issuer Trustee. The Issuer Trustee in doing anything or permitting anything to be done in respect of assets or the trust activities is, and shall be conclusively deemed to be, acting as trustee of the Issuer and not in any other capacity. Except as to the extent provided in this Section 8.12, the Issuer Trustee will not be subject to any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Issuer, arising out of anything done or permitted by it to be done or its failure to take any action in respect of the Issuer's assets or the trust activities and resort will be had solely to the Collateral for

the payment or performance thereof. No property or assets of the Issuer Trustee, whether owned in its personal capacity or otherwise, will be subject to levy, execution or other enforcement procedure with regard to any obligation under this Supplemental Indenture. Nothing contained in this Section 8.12 shall be construed so as to limit the liability of the Issuer under this Supplemental Indenture. This Supplemental Indenture, and every deed, transfer, assignment, agreement or other instrument made pursuant hereto including, without limitation, the Series 2017-1 Senior Notes, made or purporting to be made by or creating an obligation of the Issuer or the Issuer Trustee on behalf of, or as trustee of, the Issuer shall be deemed and construed for all purposes as if made by the Issuer Trustee, in and only in its capacity as trustee of the Issuer. Any obligations of the Issuer Trustee hereunder or thereunder are non-recourse to the Issuer Trustee in its personal capacity.

8.13 Execution in Counterparts

This Supplemental Indenture may be executed in several counterparts, each of which when so executed shall be deemed to be an original and the counterparts together shall constitute one and the same instrument. This Supplemental Indenture may be executed and delivered by email or other electronic transmission of a manually signed counterpart.

8.14 Delivery of Executed Copies

Each party acknowledges delivery of an executed copy of this Supplemental Indenture.

[signature page follows]

IN WITNESS WHEREOF the parties hereto have duly executed this Trust Indenture as of the date first above written.

[FAIR HYDRO TRUST], as Issuer

ONTARIO POWER GENERATION INC., not in its individual capacity but solely as Manager

By: _____
Name:
Title:

By: _____
Name:
Title:

● **TRUST COMPANY OF CANADA**, as Indenture Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

●,

By: _____
Name:
Title:

[NTD: Detailed signing pages to be prepared.]

SCHEDULE A

DEFINITIONS

"**Acceleration Event**" means the outstanding Dollar Principal Amount of all Funding Obligations of the Series 2017-1 Senior Notes have been declared or automatically become due and payable pursuant to Section **[8.02]** of the Trust Indenture.

"**Administrative Agent**" shall have the meaning specified in the preamble to this Supplemental Indenture.

"**AEOI Legislation**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Affected Party**" means any Non-Conduit Purchaser, CP Conduit Purchaser and any Program Support Provider with respect to any CP Conduit Purchaser.

"**Applicable Margin**" is defined in the Fee Letter.

"**Authorized Officer**" means, with respect to: (a) the Issuer, any authorized director or officer of the Manager; (b) the Manager, any authorized director of officer of OPG; (c) the IESO, any authorized director or officer of the IESO; (c) the Issuer Trustee, any officer within the corporate trust office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Issuer Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of the Issuer and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**Bail-In Action**" shall mean the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"**Bail-In Legislation**" shall mean, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"**Basel III**" means the revised Basel Accord prepared by the Basel Committee on Banking Supervision as set out in the publication entitled "A Global Regulatory Framework for More Resilient Banks and Banking Systems" developed by the Basel Committee on Banking Supervision, initially published in December 2010, as updated from time to time, and any rules, regulations, guidance, requests, interpretations or directives from any Official Body relating thereto (whether or not having the force of law).

"**Billing Period**" has the meaning specified in the Master Transfer and Servicing Agreement;

"**CDOR**" means, on any day, an annual rate of interest equal to the average rate applicable to Canadian dollar bankers' acceptances for a 1 month period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000

definitions, as modified and amended from time to time) at approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then CDOR on such day shall be calculated as the average of the rates for such period applicable to Canadian dollar bankers' acceptances quoted by the banks listed in Schedule I of the *Bank Act* (Canada) as of 10:00 a.m. on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"**Closing Date**" is defined in Section 3.3(a).

"**Code**" is defined in Section 3.10(a).

"**Commercial Paper**" means, with respect to any CP Conduit Purchaser, the promissory notes issued by, or for the benefit of, such CP Conduit Purchaser in the commercial paper market.

"**Commitment**" means, with respect to (a) the Group Bank included in any CP Conduit Purchaser Group, the obligation of such Group Bank to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group; or (b) any Non-Conduit Purchaser Group, the obligation of the Related Non-Conduit Purchaser to purchase a Series 2017-1 Senior Note on the Closing Date and, thereafter, to maintain and, subject to certain conditions, increase the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group, in each case, in an amount up to the Maximum Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group.

"**Commitment Expiry Date**" means the earlier of (a) the Scheduled Commitment Expiry Date; and (b) the date on which an Event of Default shall have been declared or automatically occurred.

"**Commitment Fee**" is defined in Section 3.6(b).

"**Commitment Fee Rate**" is defined in the Fee Letter.

"**Commitment Percentage**" means, on any date of determination, with respect to any Purchaser Group, the ratio, expressed as a percentage, which such Purchaser Group's Maximum Purchaser Group Principal Amount bears to the Series 2017-1 Maximum Principal Amount on such date.

"**Conduit Assignee**" means, with respect to any CP Conduit Purchaser, any commercial paper conduit administered by the Funding Agent with respect to such CP Conduit Purchaser and designated by such Funding Agent to accept an assignment from such CP Conduit Purchaser of the Purchaser Group Principal Amount or a portion thereof with respect to such CP Conduit Purchaser pursuant to Section 8.1(b).

"**CP Conduit Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the portion of the Purchaser Group Principal Amount with respect to such CP Conduit Purchaser Group funded by the CP Conduit Purchaser in respect of such CP Conduit Purchaser Group.

"**CP Conduit Purchaser**" means each commercial paper conduit listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such commercial paper conduit became a party to this Supplemental Indenture

"**CP Conduit Purchaser Group**" means, collectively, a CP Conduit Purchaser and the Group Bank with respect to such CP Conduit Purchaser.

"**CP Conduit Rating Agencies**" means, with respect to any CP Conduit Purchaser, each of DBRS and Moody's and any other nationally recognized statistical rating organization which may, from time to time, rate the Commercial Paper of the CP Conduit Purchaser at the request of the CP Conduit Purchaser.

"**CP Rate**" means with respect to any CP Conduit Purchaser for any day during an Interest Period, the weighted average annual rate of interest applicable to all Commercial Paper of the CP Conduit Purchaser; and provided further that (x) any such Commercial Paper may be issued in either United States dollars or Canadian dollars with the appropriate market rate currency swap agreements being entered into to match such issuance to the funding requirements of such CP Conduit Purchaser, and (y) such weighted average annual rate of interest shall be calculated to reflect any costs incurred by such CP Conduit Purchaser in connection with such swap transactions or in connection with any redemption or repurchase transaction between such CP Conduit Purchaser and the holders of such commercial paper; provided that no amount shall be included in the calculation of the CP Rate which reflects any termination amounts payable by such CP Conduit Purchaser in respect of the early termination of any market rate currency swap referred to in this definition.

"**Decrease**" is defined in Section 3.4(a).

"**Decrease Amount**" is defined in Section 3.4(a).

"**Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(e).

"**Delayed Amount**" is defined in Section 3.3(e).

"**Delayed Funding Date**" is defined in Section 3.3(e).

"**Delayed Funding Notice**" is defined in Section 3.3(e).

"**Delayed Funding Purchaser Group**" is defined in Section 3.3(e).

"**Delayed Funding Reimbursement Amount**" means, with respect to any Delayed Amount of a Delayed Funding Purchaser Group funded by Non-Delayed Funding Purchaser Groups on an Increase Date, an amount equal to the excess, if any, of (a) such Delayed Amount; over (b) the amount, if any, by which the portion of any principal payment made by the Issuer to such Non-Delayed Funding Purchaser Group pursuant to Section 3.7 on any date during the period from and including such Increase Date to but excluding the Delayed Funding Date for such Delayed

Amount, was greater than what it would have been had such Delayed Amount been funded by such Delayed Funding Purchaser Group on such Increase Date.

"**EEA Financial Institution**" shall mean (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority; (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition; or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" shall mean any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"**EEA Resolution Authority**" shall mean any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Eligible Assignee**" means a financial institution having short-term debt ratings of at least "A-1" from Standard & Poor's and "P-1" from Moody's.

"**EU Bail-In Legislation Schedule**" shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"**Excluded Taxes**" shall have the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**FATCA**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Fee Letter**" means the letter dated the date hereof, from the Issuer addressed to the Administrative Agent, each Non-Conduit Purchaser and each of the CP Conduit Purchasers, the Funding Agents and the Group Banks, setting forth certain fees payable from time to time to the Purchaser Groups, as such letter may be amended or replaced from time to time.

"**Funding Agent**" means, with respect to each CP Conduit Purchaser and its CP Conduit Purchaser Group, the agent bank set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture.

"**Group Bank**" means, with respect to a CP Conduit Purchaser, the bank or other Person set forth opposite the name of such CP Conduit Purchaser on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser became a party to this Supplemental Indenture and any assignee thereof, to the extent such assignee has assumed all or a portion of the Commitments of the Group Bank pursuant to a Transfer Supplement entered into in accordance with Section 8.1(c).

"**Group Bank Funded Amount**" means, with respect to any CP Conduit Purchaser Group for any day, the excess, if any, of the Purchaser Group Principal Amount with respect to such CP Conduit

Purchaser Group over the CP Conduit Funded Amount with respect to such CP Conduit Purchaser Group for such day.

"**Group Bank Participants**" is defined in Section 8.1(d).

"**Group Monthly Fees and Other Amounts**" shall mean, for any Payment Date and a Purchaser Group the sum of (a) the Commitment Fee with respect to the related Billing Period for such Purchaser Group; plus (b) any amounts payable to such Purchaser Group hereunder including, without limitation, pursuant to Sections 3.8, 3.10, 3.11 and 8.8; plus (c) the Monthly Fees and Other Amounts Shortfall for such Purchaser Group for such Payment Date.

"**Group Monthly Interest**" means, with respect to each Interest Period and:

(a) any CP Conduit Purchaser Group, the sum of:

(i) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser Group on such day funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of the CP Rate for such day plus the Applicable Margin, divided by (z) 365; plus

(ii) for each day during such Interest Period, the product of (x) the portion of the CP Conduit Funded Amount with respect to the CP Conduit Purchaser in such GP Conduit Purchaser Group on such day not funded through the issuance of Commercial Paper outstanding on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (z) 365; plus

(iii) for each day during such Interest Period the product of (x) the Group Bank Funded Amount with respect to such Purchaser Group on such day, times (y) the sum of CDOR for such day plus the Applicable Margin, divided by (x) 365.

(b) any Non-Conduit Purchaser Group, the sum for each day during such Interest Period of the product of (i) the Purchaser Group Principal Amount with respect to such Non-Conduit Purchaser Group on such day; times (ii) the sum of CDOR for such day plus the Applicable Margin, divided by (iii) 365.

For the purposes of determining the Group Monthly Interest in respect of an Interest Period prior to the end of the Interest Period, the Funding Agent in respect of a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group may estimate the interest for the remaining days in the Interest Period. If the actual interest for such days is less than the estimated interest, the Group Monthly Interest for the following Interest Period shall be reduced to adjust for such lower actual interest and if the actual interest for such days is higher than the estimated interest, the Group Monthly Interest for the following Interest Period shall be increased to adjust for such higher interest.

"**Increase**" is defined in Section 3.3(a).

"**Increase Amount**" is defined in Section 3.3(a).

"**Increase Date**" is defined in Section 3.3(a).

"**Increase Notice**" is defined in Section 3.3(a).

"**Interest Period**" means each of the consecutive periods that begins on, and includes, each Payment Date and ends on and excludes, the following Payment Date; provided that the first Interest Period shall begin on the Closing Date and end on ●.

"**Issuer indemnified person**" is defined in Section 3.8.

"**Issuer indemnified person**" is defined in Section 3.8

"**Manager Indemnity**" means an indemnity agreement from the Manager in favour of the Purchaser Groups, the Funding Agents and the Administrative Agent with respect to losses resulting from the failure of the Issuer to perform its obligations under the Program Agreements other than losses resulting from insufficient funds being transferred to the Issuer, in form and substance satisfactory to the Purchaser Groups, the Funding Agents and the Administrative Agent.

"**Maximum Purchaser Group Principal Amount**" means, with respect to (a) any CP Conduit Purchaser Group, the amount set forth opposite the name of the CP Conduit Purchaser included in such CP Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such CP Conduit Purchaser Group became a party to this Supplemental Indenture; or (b) any Non-Conduit Purchaser Group, the amount set forth opposite the name of such Non-Conduit Purchaser Group on Schedule E or in the Purchaser Group Supplement pursuant to which such Non-Conduit Purchaser Group became a party to this Supplemental Indenture, in each case, as such amount may be increased or reduced from time to time as provided in Section 3.5.

"**Monthly Interest**" shall mean, for any Payment Date, the aggregate for all Purchaser Groups of the sum of (a) Group Monthly Interest for the related Interest Period for each Purchaser Group; plus (b) the Monthly Interest Shortfall for such Payment Date for each Purchaser Group.

"**Monthly Fees and Other Amounts**" shall mean, for any Payment Date, the aggregate of the Monthly Fees and Other Amounts for all Purchaser Groups.

"**Monthly Interest Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Group Monthly Interest for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Group Monthly Interest owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Monthly Fees and Other Amounts Shortfall**" means, for any Payment Date and a Purchaser Group, if the amount of the Monthly Fees and Other Amounts for the preceding Payment Date was greater than the amount distributed to the payment of such amounts pursuant to Section 3.6(d), an amount equal to the Monthly Fees and Other Amounts owing to such Purchaser Group which were unpaid on the preceding Payment Date plus interest on such unpaid amount for the period from the preceding Payment Date to the current Payment Date at a rate equal to the Prime Rate plus ●% per annum.

"**Non-Conduit Purchaser**" means each financial institution or other entity (other than a commercial paper conduit, Group Bank or Funding Agent) listed on Schedule E or party to a Purchaser Group Supplement pursuant to which such financial institution or entity became a party to this Supplemental Indenture.

"**Non-Conduit Purchaser Group**" means a Non-Conduit Purchaser.

"**Non-Conduit Purchaser Participants**" is defined in Section 8.1(f).

"**Non-Deferrable Draw Amount**" means, with respect to any Purchaser Group as of any Increase Date, an amount equal to the lesser of (a) the excess, if any, of (x) **[10]**% of the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group over (y) the portion of any Increase Amounts funded by such Purchaser Group during the preceding thirty-five (35) days pursuant to a Non-Deferrable Increase Notice or, to the extent of any decrease pursuant to Section 3.3(e) in the Delayed Amount set forth in a Delayed Funding Notice delivered by such Purchaser Group, a Deferrable Increase Notice; and (b) the excess, if any, of (x) the Maximum Purchaser Group Principal Amount with respect to such Purchaser Group, over (y) the sum of (i) the Purchaser Group Principal Amount with respect to such Purchaser Group; and (ii) any unfunded Delayed Amounts with respect to such Purchaser Group, in each case as of such Increase Date. [**NTD: The percentage in (a)(x) above is intended to represent the non-deferrable amount.]**

"**Non-Deferrable Increase Notice**" means a notice of Increase that provides that a Delayed Funding Notice may not be provided by any Purchaser Group with respect to such Increase in accordance with Section 3.3(a).

"**Non-Delayed Funding Purchaser Group**" is defined in Section 3.3(f).

"**Optional Termination Date**" is defined in Section 3.4.

"**Optional Termination Notice**" is defined in Section 3.4.

"**Prime Rate**" means the annual rate of interest announced by ● from time to time as being its reference rate for the determination of interest rates on Canadian dollar denominated commercial loans made by it and commonly referred to by ● as its "prime rate."

"**Principal Accumulation Amount**" means, in respect of each Payment Date occurring on or after the Principal Accumulation Date, an amount equal to the lesser of (x) $●, and (y) the Series 2017-1 Principal Amount.

"**Principal Accumulation Date**" means the Payment Date occurring in the month of ●, [2021].

"**Principal Payment Amount**" means, in respect of the Series 2017-1 Notes:

(a) on any Payment Date that is a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Decrease Amount of the Decrease occurring on such Payment Date;

(b) on any Payment Date that is not a Decrease Date before the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, nil; and

(c) on any Payment Date occurring on or after the earlier of (i) the Series 2017-1 Principal Payment Due Date; and (ii) the occurrence of an Acceleration Event, the Series 2017-1 Principal Amount.

"**Pro Rata Share**" means, with respect to any Purchaser Group, on any date, the ratio, expressed as a percentage, which the Purchaser Group Principal Amount with respect to such Purchaser Group bears to the Series 2017-1 Principal Amount on such date.

"**Program Support Provider**" means, with respect to any CP Conduit Purchaser, the Group Bank with respect to such CP Conduit Purchaser and any other or additional Person now or hereafter extending credit, or having a commitment to extend credit to or for the account of, or to make purchases from, such CP Conduit Purchaser or issuing a letter of credit, surety bond or other instrument to support any obligations arising under or in connection with such CP Conduit Purchaser's securitization program.

"**Purchaser Group**" means a CP Conduit Purchaser Group or a Non-Conduit Purchaser Group.

"**Purchaser Group Increase Amount**" means, with respect to any Purchaser Group, for any Business Day, such Purchaser Group's Commitment Percentage of the Increase Amount, if any, on such Business Day.

"**Purchaser Group Principal Amount**" means, with respect to any Purchaser Group, (a) when used with respect to the Closing Date, such Purchaser Group's Commitment Percentage of the Series 2017-1 Initial Principal Amount; and (b) when used with respect to any other date, an amount equal to (i) the Purchaser Group Principal Amount with respect to such Purchaser Group on the immediately preceding Business Day; plus (ii) the Purchaser Group Increase Amount with respect to such Purchaser Group on such date; minus (iii) the amount of principal payments made to such Purchaser Group pursuant to Section 3.7 on such date. For the avoidance of doubt, (x) so long as any Purchaser Group has failed to fund any portion of its Purchaser Group Increase Amount with respect to any Increase Date (including any Delayed Amount), such unfunded amount shall not be included in the Purchaser Group Principal Amount for such Purchaser Group unless and until such amount has been funded (including by Funding any Delayed Funding Reimbursement Amount, if applicable), and (y) any Delayed Amounts funded on an Increase Date by a Non-Delayed Funding Purchaser Group shall be included in the Purchaser Group Principal Amount for such Non-Delayed Funding Purchaser Group until the related Delayed Funding Reimbursement Amount has been funded.

"**Purchaser Group Supplement**" is defined in Section 8.1(e).

"**Rating Agency Condition**" means, with respect to any action in respect of the Series 2017-1 Senior Notes subject to such condition, each of the CP Conduit Purchasers shall deliver written notice of the proposed action to the CP Conduit Rating Agencies at least 10 Business Days prior to the effective date of such action (or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the CP Conduit Rating Agencies (i) shall not have informed any CP Conduit Purchaser prior to the effective date of such action that such action will result in the

reduction or withdrawal of the rating in effect with respect to the Commercial Paper of the CP Conduit Purchaser immediately before the taking of such action, or (ii) in the case of DBRS, or any successor thereto, when it is a CP Conduit Rating Agency, DBRS shall have informed each of the CP Conduit Purchasers in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Commercial Paper of such CP Conduit Purchasers immediately before the taking of such action. For purposes of the Trust Indenture, this Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, a certificate of a CP Conduit Purchaser confirming the satisfaction of the Rating Agency Condition.

"**Recipient**" has the meaning specified in Section 3.10(a) of this Supplemental Indenture.

"**Refinancing Increase**" is defined in Section 3.3(a).

"**Regulatory Change**" shall mean (i) the adoption after the date hereof of any applicable law, rule or regulation (including any applicable law, rule or regulation regarding capital adequacy, deposits, reserves or liquidity coverage) or any change therein after the date hereof, (ii) any change after the date hereof in the interpretation, administration, scope or timing of implementation thereof by any governmental authority, central bank, self-regulating professional body or comparable agency or authority charged with the interpretation or administration thereof, or compliance with any guidance, request or directive (whether or not having the force of law) of any such authority, central bank, self-regulating professional body or comparable agency or authority; provided that for purposes of this definition, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (y) all requests, rules, guidelines and directives (whether or not having the force of law) promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or Canadian or United States or other foreign regulatory authorities, shall in each case be deemed to be a "Regulatory Change", regardless of the date enacted, adopted, issued or implemented.

"**Related Non-Conduit Purchaser**" means, with respect to any Non-Conduit Purchaser Group, the Non-Conduit Purchaser that constitutes such Non-Conduit Purchaser Group.

"**Related Purchaser Group**" means, with respect to (a) any Funding Agent, the CP Conduit Purchaser identified next to such Funding Agent on Schedule E and the Group Bank identified on Schedule I next to such CP Conduit Purchaser or the CP Conduit Purchaser and Group Bank party to the Purchaser Group Supplement pursuant to which such Funding Agent became a party to this Supplemental Indenture; (b) any CP Conduit Purchaser, the CP Conduit Purchaser Group of which such CP Conduit Purchaser is a member; and (c) any Non-Conduit Purchaser, the Non-Conduit Purchaser Group that such Non-Conduit Purchaser constitutes.

"**Requisite Series 2017-1 Noteholders**" means Purchaser Groups having Commitment Percentages aggregating more than 50% (or if all Commitments have terminated, Purchaser Groups whose aggregate Purchaser Group Principal Amounts exceed 50% of the Series 2017-1 Principal Amount).

"**Scheduled Commitment Expiry Date**" means, ●, as such date may be extended in accordance with Section 3.5(c). [**NTD: two years out.]**

"**Series 2017-1 Initial Principal Amount**" is defined in Section 3.3(a).

"**Series 2017-1 Maximum Principal Amount**" means, on any date of determination, the sum of the Maximum Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Noteholder**" means a Person in whose name a Series 2017-1 Senior Note is registered in the Note Register.

"**Series 2017-1 Principal Amount**" means, on any date of determination, the sum of the Purchaser Group Principal Amounts with respect to each of the Purchaser Groups on such date.

"**Series 2017-1 Principal Payment Due Date**" means ●. [**NTD: the date upon which the Series 2017-1 Senior Notes become due and payable – a date after May 1, 2021?**]

"**Series 2017-1 Principal Payment Default Date**" means ●. [**NTD: the "cure period" number of days after the Series 2017-1 Principal Payment Due Date when an Event of Default will occur if the Series 2017-1 Senior Notes are not paid in full.]**

"**Series 2017-1 Senior Note**" means any one of the Floating Rate Variable Funding Senior Notes, Series 2017-1, executed by the Issuer and authenticated and delivered by or on behalf of the Indenture Trustee, substantially in the form of Exhibit B.

"**Standard & Poor's**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"**Supplemental Indenture**" means this Amended and Restated Supplemental Indenture, together with the Schedules hereto, as amended, supplemented, modified, restated or replaced from time to time, together with all schedules hereto and the expressions "hereof," "herein," "hereto," "hereunder," "hereby" and similar expressions refer to this Supplemental Indenture and not to any Article, Section, paragraph, subparagraph or clause hereof.

"**Support Facility**" shall mean any liquidity or credit support agreement with a CP Conduit Purchaser which relates to, or is otherwise available to such CP Conduit Purchaser in relation to its funding activities under, this Supplemental Indenture.

"**Termination Event**" means any Event of Default or any event which with the giving of notice or the passage of time, or both, could become an Event of Default.

"**Transfer Increase**" is defined in Section 3.3(a).

"**Transfer Supplement**" is defined in Section 8.1(c).

"**Transferee**" is defined in Section 8.1(g).

"**Trust Indenture**" means the trust indenture dated as of ●, 2017 between the Issuer and the Indenture Trustee, as amended or restated from time to time.

"**Write-Down and Conversion Powers**" shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

SCHEDULE B

[FORM OF NOTE]

SERIES 2017-1 SENIOR NOTE

●

SCHEDULE C

FORM OF INCREASE NOTICE

●

SCHEDULE D

FORM OF DECREASE NOTICE

●

SCHEDULE E

PURCHASER GROUPS

●

From:	John Kim
To:	Ronald Kwan
Cc:	Usman Zahid; Gavin He
Subject:	FW: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date:	Thursday, November 23, 2017 7:38:58 AM
Attachments:	Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_clean.docx Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_OPG.docx
Importance:	High

Fyi, we will take a look this morning.

John

-----Original Message-----
From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 22, 2017 6:28 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

MASTER SHARE SUBSCRIPTION AGREEMENT

between

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

Dated as of November 22**, 2017**

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of November 22, 2017.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Province**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Financing Entity").

3. The Financing Entity will acquire the Assets periodically from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Province has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG will amend its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Province will subscribe for Class A Shares periodically in accordance with the process set forth in this Agreement and OPG will, in turn, invest these amounts in debt of the Financing Entity.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Financing Entity debt or other purposes as may be approved by the OPG board of directors.

7. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Province commits to fund up to 44% of the total financing required by the Financing Entity, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the funds from the equity received from the Province solely to lend to the Financing Entity to fund the Financing Entity's obligations under the Master Transfer and Servicing Agreement between the IESO and the Financing Entity, and the Act and Regulations.

2. Share Subscription Process

2.1 The Province will subscribe for and purchase Class A Shares from OPG, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Periodically, coincident with the asset acquisitions to be made by the Financing Entity from the IESO under the Master Transfer and Servicing Agreement, OPG will provide notice to the Province of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Province. This notice will be substantially in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, substantially in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees that:

(i) the amount of each equity injection/share subscription will reflect the funding requirements of the Financing Entity acquisitions under the Master Transfer and Servicing Agreement; and

(ii) the Class A Shares will be issued to the Province at a per share price equal to the value of Shareholder's Equity, as determined by the last approved quarterly financial statements of OPG, divided by the aggregate number of issued and outstanding Common Shares and Class A Shares.

2.4 Within five Business Days of receipt of the notice and supporting information described in paragraph 2.2, the Province will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Province, substantially in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Province.

2.6 The first equity injection/share subscription is expected to occur in the fourth quarter of 2017. Equity injections will continue periodically so long as the Financing Entity is purchasing assets and incurring debt obligations, including debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Province in accordance with the Memorandum of Agreement between the Province and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For

clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation.

3.3 The Province confirms that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Province as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Province will seek appropriations for the upcoming 3 year period to support the equity injections.

4. Share Redemption Process

4.1 The Province and OPG will agree to the required process for any future redemption by OPG of outstanding Class A Shares before the first share redemption, and in any case no later than 90 Business Days before the effective date of such redemption.

5. Miscellaneous

5.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

Minister of Energy
c/o 6th Floor, 77 Grenville Street
Toronto, ON
M5S 1B3
Attention: Shruti.Talwar
Email: shruti.talwar@ontario.ca

in the case of OPG:

Ontario Power Generation Inc.
Treasury
700 University Avenue
Toronto, Ontario
M5G 1X6
Attention: Vice President, Treasurer
Email: john.s.lee@opg.com

and

Attention: Corporate Secretary
Email: catriona.king@opg.com

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

5.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

5.3 Governing Law

This Agreement will be construed in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

Exhibit A

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for **[·]** Class A Shares of the Corporation at the price of $**[·]** per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: _____, 2017

[NTD: "Distribution Date" will be 5 days following the date the Corporation issues the draft subscription form to the Province]

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

See attached.

Exhibit B

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

_____

[insert applicable timeframe/ dates/period] ("Period")

(A)	Purchase Price per Transfer Notice attached:	_____
(B)	Percentage Funded by Equity:	_____
(C)	Total Equity injection required for Period (A x B):	_____
(D)	Class A Share Price pursuant to OPG Financial Statements of [date/period]:	_____
(E)	Number of Class A Shares to be issued to Province (C ÷ D):	_____

Exhibit C

FORM OF RECEIPT AND OFFICER'S CERTIFICATE

See attached.

RECEIPT

TO: Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy (the "**Province**")

Ontario Power Generation Inc. ("**OPG**") hereby acknowledges receipt from the Province of $[•] pursuant to the Class A share subscription agreement between OPG and the Province made as of [•], 20•.

DATED •, 20•.

Per: _____

John Lee
Vice President – Treasurer

CERTIFICATE

of

Ontario Power Generation Inc. ("OPG")

TO: **Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy**

RE: **Class A Share Equity Subscription Agreement dated [•]**

I, John Lee, the Vice President – Treasurer of OPG, certify, without personal liability, that:

1. This certificate is furnished to you in connection with the Class A Share Equity Subscription Agreement dated [•] (the "**Equity Subscription Agreement**") and may be relied on by the addressees above. We have reviewed such books and records of OPG and such other documents and have made such inquiries and investigations as we have considered necessary or appropriate to verify the matters addressed in this certificate. All capitalized terms used but not defined in this certificate have the meanings set out in the Equity Subscription Agreement.

2. Attached hereto as Appendix 1 is a true and complete copy of the Shareholder Register of OPG dated [•] (the "**Shareholder Register**"). The Shareholder Register has not been further amended or supplemented and no resolutions have been passed by the board of directors or the shareholders of OPG to effect any such further amendment or supplement.

* * * * *

DATED: as of the [•] day of [•], 20•.

_____

John Lee
Vice President – Treasurer

APPENDIX 1 – Shareholder Register

See attached.

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

MASTER SHARE SUBSCRIPTION AGREEMENT

between

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

Dated as of ■November 22**, 2017**

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ~~October~~ November 22, 2017.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Province**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Financing Entity").

3. The Financing Entity will acquire the Assets periodically from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Province has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG will amend its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Province will subscribe for Class A Shares periodically in accordance with the process set forth in this Agreement and OPG will, in turn, invest these amounts in debt of the Financing Entity.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Financing Entity debt or other purposes as may be approved by the OPG board of directors.

7. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Province commits to fund up to 44% of the total financing required by the Financing Entity, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the funds from the equity received from the ~~Minister~~Province solely to lend to the Financing Entity to fund the Financing Entity's obligations under the Master Transfer and Servicing Agreement between the IESO and the Financing Entity, and the Act and Regulations.

2. Share Subscription Process

2.1 The Province will subscribe for and purchase Class A Shares from OPG, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Periodically, coincident with the asset acquisitions to be made by the Financing Entity from the IESO under the Master Transfer and Servicing Agreement, OPG will provide notice to the Province of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Province. This notice will be substantially in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, substantially in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees that:

(i) the amount of each equity injection/share subscription will reflect the funding requirements of the Financing Entity acquisitions under the Master Transfer and Servicing Agreement; and

(ii) the Class A Shares will be issued to the ~~Minister~~Province at a per share price equal to the value of Shareholder's Equity, as determined by the last approved quarterly financial statements of OPG, divided by the aggregate number of issued and outstanding Common Shares and Class A Shares.

2.4 Within five Business Days of receipt of the notice and supporting information described in paragraph 2.2, the Province will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Province, substantially in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Province.

2.6 The first equity injection/share subscription is expected to occur in the fourth quarter of 2017. Equity injections will continue periodically so long as the Financing Entity is purchasing assets and incurring debt obligations, including debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Province ~~Shareholder~~ in accordance with the Memorandum of Agreement between the ~~Minister~~Province and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from

time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation.

3.3 The Province confirms that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Province ~~Shareholder~~ as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Province will seek appropriations for the upcoming 3 year period to support the equity injections.

4. Share Redemption Process

4.1 The Province and OPG will agree to the required process for any future redemption by OPG of outstanding Class A Shares before the first share redemption, and in any case no later than 90 Business Days before the effective date of such redemption.

5. Miscellaneous

5.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

Minister of Energy
c/o 6th Floor, 77 Grenville Street
Toronto, ON
M5S 1B3
Attention: Shruti.Talwar
Email: shruti.talwar@ontario.ca

in the case of OPG:

Ontario Power Generation Inc.
Treasury
700 University Avenue
Toronto, Ontario
M5G 1X6
Attention: Vice President, Treasurer
Email: john.s.lee@opg.com

and

Attention: Corporate Secretary
Email: catriona.king@opg.com

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

Formatted: Font: Not Bold

5.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

5.3 Governing Law

This Agreement will be construed in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A
SHARE SUBCRIPTION FORM

See attached

Exhibit A

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for **[·]** Class A Shares of the Corporation at the price of $**[·]** per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: _____, 2017

[NTD: "Distribution Date" will be 5 days following the date the Corporation issues the draft subscription form to the Province]

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

See attached.

Exhibit B

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

~~This Transfer Notice is delivered to you pursuant to Section **Error! Reference source not found.** of the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.~~

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, on a fully serviced basis, the specified portion of the Regulatory Asset set out below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the specified portion of the Regulatory Asset set out below, on a fully serviced basis, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date, (i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section **Error! Reference source not found.** of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to the IESO Bank Account

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

_____

[insert applicable timeframe/ dates/period] ("Period")

(A) Purchase Price per Transfer Notice attached: _____
(B) Percentage Funded by Equity: _____
(C) Total Equity injection required for Period (A x B): _____
(D) Class A Share Price pursuant to OPG Financial Statements of [date/period]: _____
(E) Number of Class A Shares to be issued to Province (C ÷ D): _____

Exhibit C

FORM OF RECEIPT AND OFFICER'S CERTIFICATE

See attached.

Exhibit C

RECEIPT

TO: Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy (the "**Province**")

Ontario Power Generation Inc. ("**OPG**") hereby acknowledges receipt from the Province of $[•] pursuant to the Class A share subscription agreement between OPG and the Province made as of [•], 20•.

DATED •, 20•.

Per: _____

John Lee
Vice President – Treasurer

CERTIFICATE

of

Ontario Power Generation Inc. ("OPG")

TO: **Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy**

RE: **Class A Share Equity Subscription Agreement dated [•]**

I, John Lee, the Vice President – Treasurer of OPG, certify, without personal liability, that:

1. This certificate is furnished to you in connection with the Class A Share Equity Subscription Agreement dated [•] (the "**Equity Subscription Agreement**") and may be relied on by the addressees above. We have reviewed such books and records of OPG and such other documents and have made such inquiries and investigations as we have considered necessary or appropriate to verify the matters addressed in this certificate. All capitalized terms used but not defined in this certificate have the meanings set out in the Equity Subscription Agreement.

2. Attached hereto as Appendix 1 is a true and complete copy of the Shareholder Register of OPG dated [•] (the "**Shareholder Register**"). The Shareholder Register has not been further amended or supplemented and no resolutions have been passed by the board of directors or the shareholders of OPG to effect any such further amendment or supplement.

* * * * *

DATED: as of the [•] day of [•], 20•.

_____

John Lee
Vice President – Treasurer

APPENDIX 1 – Shareholder Register

See attached.

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

From:	Carlos Yep
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc:	Gadi Mayman; Anna Strathy; Mike Manning; Ronald Kwan; Ken Kandeepan; John Kim; James Devine
Subject:	FW: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Thursday, November 30, 2017 12:44:03 PM
Attachments:	Interest Protocol Agreement (OPG 11-29).doc Fair Hydro- Subordinated Notes- Interest Rate Protocol (Draft 11-21c).doc

---

Hi Malle,
Last nite, We received the draft Interest Protocol Agreement draft dated Nov29 . This morning the document was forwarded to Shruti Talwar in Energy.

Yes, I have been involved in the spread discussion for the sub/junior-sub debt based in the memo draft of nov21 and one earlier version from Nov7.

If you have any questions, please call x58121 and we can discuss

Regards
Carlos

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, November 30, 2017 12:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fw: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi

We have not been involved in this to date. Sending it along as it looks like the OFA has had some involvement

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Sent: Thursday, November 30, 2017 12:16
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

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

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

PROTOCOL DOCUMENT- SUBORDINATED AND JUNIOR SUBORDINATED NOTES

Interpretation	Unless inconsistent with the express terms or provisions hereof, terms used herein have the meanings ascribed in the Trust Indenture (the "**Trust Indenture**") dated as of ●, 2017 between the Fair Hydro Trust, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada (the "**Indenture Trustee**").
Financial Services Manager	The interest rate applicable to each Series of Subordinated Notes and/or Junior Subordinated Notes, shall be established by Ontario Power Generation Inc., acting as financial services manager of the Issuer (the "**FSM**"), in accordance with procedures set out herein.
Interest Rate:	For any Series of Subordinated Notes or Junior Subordinated Notes, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.
Base Rate:	"Base Rate" means: (a) for Term Notes: an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term of such Series of Subordinated Notes or Junior Subordinated Notes, as applicable. In the event that there are no Benchmark Government of Canada bonds listed at the time of issuance with the same term, the rate shall be established by interpolating the terms of the two Benchmark Government of Canada bonds that are closest to the term of the Series of Subordinated Notes or Junior Subordinated Notes, as applicable, one being for a longer term and the other being for a shorter term; and (b) for Warehouse Notes: an annual interest rate equal to the [**all-in annual funding costs under the Warehouse Facility related to the senior tranche, expressed in basis points].**
Applicable Spread:	"Applicable Spread" means the additional interest in basis points over the Base Rate applicable to a particular Series of Subordinated Notes or Junior Subordinated Notes as determined by the FSM applying the procedures set out below: (a) for Subordinated Term Notes and Junior Subordinated Term Notes: the FSM will solicit from time to time, but no less frequently than on a weekly basis, from at least five commercial banks in Canada, a survey of indicative spreads (collectively, the **"Indicative Spreads"** and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the Subordinated Term Notes and the Junior Subordinated Terms Notes,

	including credit rating and tenor. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread; (b) for Subordinated Warehouse Notes: the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five commercial banks in Canada, a survey of Indicative Rates applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread; (c) for Junior Subordinated Warehouse Notes: while the Junior Subordinated Term Notes are rated Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived above for the Subordinated Warehouse Notes. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps. For the purposes of this section "Investment Grade" means a credit rating from DBRS above or equal to "BBB low", or from Moody's above or equal to "Baa3".
Credit Rating	In order to facilitate the survey of Indicative Interest Rates, the FSM will solicit from time to time from DBRS and/or Moody's a credit rating, which may include a shadow rating for the Subordinated Notes and the Junior Subordinated Notes.

From:	John Kim
To:	Gavin He
Cc:	Shajee Kathirgamanathan
Subject:	FW: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Thursday, November 30, 2017 1:01:09 PM
Attachments:	Interest Protocol Agreement (OPG 11-29).doc Fair Hydro- Subordinated Notes- Interest Rate Protocol (Draft 11-21c).doc

---

Hi Gavin,

Could you keep an eye on these and also save in folders?

John

-----Original Message-----
From: Carlos Yep
Sent: Thursday, November 30, 2017 12:44 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Malle,
Last nite, We received the draft Interest Protocol Agreement draft dated Nov29 . This morning the document was forwarded to Shruti Talwar in Energy.

Yes, I have been involved in the spread discussion for the sub/junior-sub debt based in the memo draft of nov21 and one earlier version from Nov7.

If you have any questions, please call x58121 and we can discuss

Regards
Carlos

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, November 30, 2017 12:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fw: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi

We have not been involved in this to date. Sending it along as it looks like the OFA has had some involvement

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Sent: Thursday, November 30, 2017 12:16
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY;

PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

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

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

PROTOCOL DOCUMENT- SUBORDINATED AND JUNIOR SUBORDINATED NOTES

Interpretation	Unless inconsistent with the express terms or provisions hereof, terms used herein have the meanings ascribed in the Trust Indenture (the "**Trust Indenture**") dated as of ●, 2017 between the Fair Hydro Trust, a trust existing under the laws of the Province of Ontario (the "**Issuer**") and BNY Trust Company of Canada, a trust company existing under the laws of Canada (the "**Indenture Trustee**").
Financial Services Manager	The interest rate applicable to each Series of Subordinated Notes and/or Junior Subordinated Notes, shall be established by Ontario Power Generation Inc., acting as financial services manager of the Issuer (the "**FSM**"), in accordance with procedures set out herein.
Interest Rate:	For any Series of Subordinated Notes or Junior Subordinated Notes, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.
Base Rate:	"Base Rate" means: (a) for Term Notes: an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term of such Series of Subordinated Notes or Junior Subordinated Notes, as applicable. In the event that there are no Benchmark Government of Canada bonds listed at the time of issuance with the same term, the rate shall be established by interpolating the terms of the two Benchmark Government of Canada bonds that are closest to the term of the Series of Subordinated Notes or Junior Subordinated Notes, as applicable, one being for a longer term and the other being for a shorter term; and (b) for Warehouse Notes: an annual interest rate equal to the [**all-in annual funding costs under the Warehouse Facility related to the senior tranche, expressed in basis points].**
Applicable Spread:	"Applicable Spread" means the additional interest in basis points over the Base Rate applicable to a particular Series of Subordinated Notes or Junior Subordinated Notes as determined by the FSM applying the procedures set out below: (a) for Subordinated Term Notes and Junior Subordinated Term Notes: the FSM will solicit from time to time, but no less frequently than on a weekly basis, from at least five commercial banks in Canada, a survey of indicative spreads (collectively, the **"Indicative Spreads"** and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the Subordinated Term Notes and the Junior Subordinated Terms Notes,

	including credit rating and tenor. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread; (b) for Subordinated Warehouse Notes: the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five commercial banks in Canada, a survey of Indicative Rates applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread; (c) for Junior Subordinated Warehouse Notes: while the Junior Subordinated Term Notes are rated Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived above for the Subordinated Warehouse Notes. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps. For the purposes of this section "Investment Grade" means a credit rating from DBRS above or equal to "BBB low", or from Moody's above or equal to "Baa3".
Credit Rating	In order to facilitate the survey of Indicative Interest Rates, the FSM will solicit from time to time from DBRS and/or Moody's a credit rating, which may include a shadow rating for the Subordinated Notes and the Junior Subordinated Notes.

From: John Kim
To: Shajee Kathirgamanathan; Gavin He
Cc: Bruno Amara
Subject: FW: Fair Hydro Plan
Date: Tuesday, October 17, 2017 4:12:41 PM

Hi,

Once we settle things and get through Ron, could you get back to Christina?

John

From: Christina Zhang
Sent: Tuesday, October 17, 2017 4:05 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi,

We're looking to see whether there's an update to the numbers in the spreadsheet embedded in the attached email. In particular, we're interested in the line titled "Provincial Borrowing Required" line. I believe this is the original email from Ricky. Please use the FES password.

Thanks,
Christina

From: John Kim
Sent: Tuesday, October 17, 2017 3:56 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Np…in anticipating of arriving at the FHP numbers, what information are you looking for? Just to give you heads up that the information will be basic.

Thanks,

John

From: Christina Zhang
Sent: Tuesday, October 17, 2017 3:29 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Much appreciated, John. Tomorrow should be fine but probably no later than that.

From: John Kim
Sent: Tuesday, October 17, 2017 3:24 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hopefully soon. We are seeking some clarifications from Energy as we speak. Anticipating tomorrow, hope it's okay.

Sent from my iPhone

On Oct 17, 2017, at 3:15 PM, Christina Zhang <Christina.Zhang@ofina.on.ca> wrote:

> Hi John,
>
> I just wanted to follow up on the FHP numbers for the financing table, which as you can expect, we're anxious to finalize. Any chance you'll be able to send the revised numbers by today or tomorrow?
>
> I'm taking over the financing table responsibilities from Ricky so please feel free to email me if you need anything on it.
>
> Thanks,
> Christina
>
> ---
>
> **From:** John Kim
> **Sent:** Saturday, October 14, 2017 12:41 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Christina Zhang <Christina.Zhang@ofina.on.ca>

Subject: Re: Fair Hydro Plan

Hi Ken,

Ron received information from energy which we are working on. Not sure the data is what we need but my team is working on it so we will share the assessment and data soon.

Thanks.

John

Sent from my iPhone

On Oct 14, 2017, at 11:14 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi John
>
> Just following up on this, any luck of revised estimated from MOE, a response Monday is fine.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** John Kim
> **Sent:** Tuesday, October 10, 2017 12:22 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
> **Cc:** Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: Fair Hydro Plan
>
> Hi Ken,
>
> The data we used to see the debt number being reduced to $20bn was not an official set of data. I am working to get a more official update from Energy but it is a process that requires approvals on their end.
>
> If you're okay with what Energy has described as preliminary then we can work to provide it. This has been getting escalated so if you can wait towards the end of the week then we may have something.
>
> John
>
> ---

From: Ken Kandeepan
Sent: Tuesday, October 10, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi John

What Ricky requires for the FES is the forecast amount of the 44% equity injection number for 17-18 and the two out years. Given that the total debt number has reduced to $20 Billion from the $28 B forecast at Budget time I guess there would be reductions in the first three years as well.

Thanks

Ken k

From: John Kim
Sent: Tuesday, October 10, 2017 11:21 AM
To: Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Ricky,

There is no official updated information on the GA modelling. I have been looking for that from the Ministry of Energy without having any success.

Energy's response thus far is that they are still working on finalizing the FHP-related GA forecast.

In terms of FES, let me know what you are looking to do and the timeline you're working towards.

John

From: Ricky Lai
Sent: Friday, October 06, 2017 10:25 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Subject: Fair Hydro Plan

Hi John,

In preparation for the upcoming FES, would you be able to provide an update to the Fair Hydro Plan numbers. I have attached the worksheet that we have used for the 2017 Budget (password protected using FES password).

Your input by the end of today would be appreciated.

Thanks.

Ricky

From: John Kim
To: Shajee Kathirgamanathan; Gavin He
Cc: Bruno Amara
Subject: FW: Fair Hydro Plan
Date: Tuesday, October 17, 2017 3:48:44 PM

Fyi, we need to nail down the GA part…

From: Christina Zhang
Sent: Tuesday, October 17, 2017 3:29 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Much appreciated, John. Tomorrow should be fine but probably no later than that.

From: John Kim
Sent: Tuesday, October 17, 2017 3:24 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hopefully soon. We are seeking some clarifications from Energy as we speak. Anticipating tomorrow, hope it's okay.

Sent from my iPhone

On Oct 17, 2017, at 3:15 PM, Christina Zhang <Christina.Zhang@ofina.on.ca> wrote:

> Hi John,
>
> I just wanted to follow up on the FHP numbers for the financing table, which as you can expect, we're anxious to finalize. Any chance you'll be able to send the revised numbers by today or tomorrow?
>
> I'm taking over the financing table responsibilities from Ricky so please feel free to email me if you need anything on it.
>
> Thanks,
> Christina
>
> ---
>
> **From:** John Kim

Sent: Saturday, October 14, 2017 12:41 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Christina Zhang <Christina.Zhang@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hi Ken,

Ron received information from energy which we are working on. Not sure the data is what we need but my team is working on it so we will share the assessment and data soon.

Thanks.

John

Sent from my iPhone

On Oct 14, 2017, at 11:14 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi John
>
> Just following up on this, any luck of revised estimated from MOE, a response Monday is fine.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** John Kim
> **Sent:** Tuesday, October 10, 2017 12:22 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
> **Cc:** Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: Fair Hydro Plan
>
> Hi Ken,
>
> The data we used to see the debt number being reduced to $20bn was not an official set of data. I am working to get a more official update from Energy but it is a process that requires approvals on their end.
>
> If you're okay with what Energy has described as preliminary then we can

work to provide it. This has been getting escalated so if you can wait towards the end of the week then we may have something.

John

From: Ken Kandeepan
Sent: Tuesday, October 10, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi John

What Ricky requires for the FES is the forecast amount of the 44% equity injection number for 17-18 and the two out years. Given that the total debt number has reduced to $20 Billion from the $28 B forecast at Budget time I guess there would be reductions in the first three years as well.

Thanks

Ken k

From: John Kim
Sent: Tuesday, October 10, 2017 11:21 AM
To: Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Ricky,

There is no official updated information on the GA modelling. I have been looking for that from the Ministry of Energy without having any success.

Energy's response thus far is that they are still working on finalizing the FHP-related GA forecast.

In terms of FES, let me know what you are looking to do and the timeline you're working towards.

John

From: Ricky Lai
Sent: Friday, October 06, 2017 10:25 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fair Hydro Plan

Hi John,

In preparation for the upcoming FES, would you be able to provide an update to the Fair Hydro Plan numbers. I have attached the worksheet that we have used for the 2017 Budget (password protected using FES password).

Your input by the end of today would be appreciated.

Thanks.

Ricky

From: John Kim
To: Gavin He
Subject: FW: Fair Hydro Plan
Date: Friday, February 23, 2018 5:37:25 PM
Attachments: FHP GAv2.xlsx

This one.

From: Shajee Kathirgamanathan
Sent: Wednesday, October 18, 2017 3:59 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; IOD_RPA <IOD_RPA@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Christina,

Please see tab FES2017, attached.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Christina Zhang
Sent: Wednesday, October 18, 2017 3:46 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; IOD_RPA <IOD_RPA@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Shajee,

Thanks very much for sending this along. Could you please update and then send me the spreadsheet that I sent yesterday? In an effort to minimize errors and for documentation purposes, we always ask that responsible units to update their respective sections of the financing table.

Regards,
Christina

From: Shajee Kathirgamanathan
Sent: Wednesday, October 18, 2017 3:36 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Christina,

Please find attached a summary of the projections for the OPG Equity Injections.

Slide 4 would be most relevant for your purposes, as it contains the fiscal-year projection.

Please note, these are projections based on preliminary numbers provided from Ministry of Energy, and subject to change.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Christina Zhang
Sent: Tuesday, October 17, 2017 4:05 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi,

We're looking to see whether there's an update to the numbers in the spreadsheet embedded in the attached email. In particular, we're interested in the line titled "Provincial Borrowing Required" line. I believe this is the original email from Ricky. Please use the FES password.

Thanks,
Christina

From: John Kim
Sent: Tuesday, October 17, 2017 3:56 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Np…in anticipating of arriving at the FHP numbers, what information are you looking for? Just to give you heads up that the information will be basic.

Thanks,

John

From: Christina Zhang
Sent: Tuesday, October 17, 2017 3:29 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Much appreciated, John. Tomorrow should be fine but probably no later than that.

From: John Kim
Sent: Tuesday, October 17, 2017 3:24 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hopefully soon. We are seeking some clarifications from Energy as we speak. Anticipating tomorrow, hope it's okay.

Sent from my iPhone

On Oct 17, 2017, at 3:15 PM, Christina Zhang <Christina.Zhang@ofina.on.ca> wrote:

Hi John,

I just wanted to follow up on the FHP numbers for the financing table, which as you can expect, we're anxious to finalize. Any chance you'll be able to send the revised numbers by today or tomorrow?

I'm taking over the financing table responsibilities from Ricky so please feel free to email me if you need anything on it.

Thanks,
Christina

From: John Kim
Sent: Saturday, October 14, 2017 12:41 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Christina Zhang <Christina.Zhang@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hi Ken,

Ron received information from energy which we are working on. Not sure the data is what we need but my team is working on it so we will share the assessment and data soon.

Thanks.

John

Sent from my iPhone

On Oct 14, 2017, at 11:14 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi John
>
> Just following up on this, any luck of revised estimated from MOE, a response Monday is fine.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** John Kim

Sent: Tuesday, October 10, 2017 12:22 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Ken,

The data we used to see the debt number being reduced to $20bn was not an official set of data. I am working to get a more official update from Energy but it is a process that requires approvals on their end.

If you're okay with what Energy has described as preliminary then we can work to provide it. This has been getting escalated so if you can wait towards the end of the week then we may have something.

John

From: Ken Kandeepan
Sent: Tuesday, October 10, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi John

What Ricky requires for the FES is the forecast amount of the 44% equity injection number for 17-18 and the two out years. Given that the total debt number has reduced to $20 Billion from the $28 B forecast at Budget time I guess there would be reductions in the first three years as well.

Thanks

Ken k

From: John Kim
Sent: Tuesday, October 10, 2017 11:21 AM
To: Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Ricky,

There is no official updated information on the GA modelling. I have been looking for that from the Ministry of Energy without having any success.

Energy's response thus far is that they are still working on finalizing the FHP-related GA forecast.

In terms of FES, let me know what you are looking to do and the timeline you're working towards.

John

From: Ricky Lai
Sent: Friday, October 06, 2017 10:25 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fair Hydro Plan

Hi John,

In preparation for the upcoming FES, would you be able to provide an update to the Fair Hydro Plan numbers. I have attached the worksheet that we have used for the 2017 Budget (password protected using FES password).

Your input by the end of today would be appreciated.

Thanks.

Ricky

Fiscal Year Equivalent	2017-18	2018-19	2019-20
FY Adjusted Debt Requirement	1938.333	2224	2325.5
Provincial Borrowing Required	853	979	1023

2020-21
2352.5
1035

GA Financing Model

By changing the inputs, one can model different scenarios for the GA Debt financing.

Total Principal ($M)	20332.32		Please only
Peak Debt ($M)	26336.62		
Accumulated Interest ($M)	18129.4		
Max Payment ($M)	2241.551		
Interest Type	Annualized	Please Select	
Final Payment made in Year	2044		
Maximum Payment ($M)	-2241.55		
Payment Periods	12		
Share of debt & interest	0.44	Can Change Share here	
Weighted-average interest rate	0.0312	0.0363	0.043
		0	0
Change in ratepayer cost		-0.02793	-0.02955
	2017	2018	2019
IESO GA cost forecast + extrapolation	12095.37	11834.68	11552.11
Option 1 - Ratepayer cost	9594.764	9326.755	9051.176
GA Debt requirement			
Option 1	2500.606	2507.926	2500.929
Interest	0.03165	0.03691	0.043858
Debt Beginning of year	0	2500.606	5100.829
Interest on Debt	0	92.29753	223.7104
Additional GA Drawdown, end of year	2500.606	2507.926	2500.929
Debt End of year	2500.606	5100.829	7825.468
Fiscalized (44% share) - $M	2017-18	2018-19	2019-20
Interest Cost	10.15273	55.06633	111.5772
	1100.266	1103.487	1100.409

Notes

1. Based on Ministry of Energy model and associated assumptions.
2. GA forecast, ratepayer payments, and interest costs subject to change.
3. To forecast the payment of the remaining balance, a cap of $2.242 bn above the true cost of GA

Fiscal Year Equivalent	2017-18	2018-19	2019-20
FY Adjusted Debt Requirement	2502	2506	2644
Provincial Borrowing Required	1101	1103	1164

change the yellow cells.

0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043
0	0	0	0	0	0	0	0	0
0.004717	-0.10008	-0.00051	0.003198	0.187285	-0.04378	0.098804	0.121069	0.138111
2020	2021	2022	2023	2024	2025	2026	2027	2028
12168.43	10843.56	10633.63	10243.43	11128.12	10527.02	10033.29	11042.84	10819.1
9093.867	8183.716	8179.553	8205.71	9742.517	9315.959	10236.41	11475.73	13060.65
3074.561	2659.839	2454.073	2037.722	1385.602	1211.06	-203.125	-432.883	-2241.55
0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858
7825.468	11243.24	14396.18	17481.63	20286.06	22561.36	24761.91	25644.78	26336.62
343.2067	493.1021	631.3827	766.7036	889.6991	989.4885	1085.999	1124.72	1155.063
3074.561	2659.839	2454.073	2037.722	1385.602	1211.06	-203.125	-432.883	-2241.55
11243.24	14396.18	17481.63	20286.06	22561.36	24761.91	25644.78	26336.62	25250.13
2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
167.4995	232.1758	292.6937	350.8791	402.4445	445.9911	482.099	498.2146	502.986
1352.807	1170.329	1079.792	896.5979	609.6648	532.8662	-89.3749	-190.468	-986.283

A in any given year is applied. Thus, every year a maximum of $2.242 bn is recovered by ratepayers until

2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
2971	2608	2350	1875	1342	858
1307	1148	1034	825	590	377

0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043
0	0	0	0	0	0	0	0	0
-0.06205	-0.02345	-0.08919	0.015185	-0.05261	-0.04596	-0.20945	-0.0346	-0.03411
2029	2030	2031	2032	2033	2034	2035	2036	2037
10008.69	9721.438	8654.485	8819.939	8238.038	7756.435	5662.321	5388.845	5128.576
12250.24	11962.99	10896.04	11061.49	10479.59	9997.986	7903.872	7630.396	7370.127
-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55
0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858
25250.13	24115.99	22932.11	21696.31	20406.31	19059.73	17654.09	16186.81	14655.17
1107.412	1057.671	1005.749	951.5494	894.973	835.9152	774.2673	709.9157	642.7417
-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55
24115.99	22932.11	21696.31	20406.31	19059.73	17654.09	16186.81	14655.17	13056.37

2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2037-38
481.7897	459.6638	436.5676	412.4583	387.2918	361.0214	333.5989	304.9738	275.0931
-986.283	-986.283	-986.283	-986.283	-986.283				

l the debt is paid down, with interest still accumulating over this period.

0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043
0	0	0	0	0	0	1	1	1
-0.03361	-0.0331	-0.03258	-0.03205	-0.03151	-0.03096	-0.03041	-0.02985	-0.02928
2038	2039	2040	2041	2042	2043	2044	2045	2046
4880.878	4645.143	4420.794	4207.28	4004.078	3810.691	3626.644	3451.485	3284.787
7122.429	6886.694	6662.345	6448.831	6245.629	6052.242	5868.195	5693.036	5526.338
-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55
0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858
13056.37	11387.44	9645.311	7826.781	5928.494	3946.952	1878.505	0	0
572.6217	499.4263	423.0208	343.2643	260.0099	173.1041	82.38686	0	0
-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-2241.55	-1960.89	0	0
11387.44	9645.311	7826.781	5928.494	3946.952	1878.505	0	0	0
2038-39	2039-40	2040-41	2041-42	2042-43	2043-44	2044-45	2045-46	2046-47
243.902	211.343	177.3559	141.8783	104.8447	66.18691	27.18766	0	0

0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043	0.043
1	1	1	1	1	1	1	1	1
-0.02871	-0.44573	-0.0483	-0.0483					
2047	2048	2049	2050	2051	2052	2053	2054	2055
3126.139	2975.154	2831.461	2694.708					
5367.69	2975.154	2831.461	2694.708					
-2241.55	0	0	0	0	0	0	0	0
0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
2047-48	2048-49	2049-50	2050-51	2051-52	2052-53	2053-54	2054-55	2055-56
0	0	0	0	0	0	0	0	0

0.0431	0.0431	0.0431	0.0431	0.0431	0.0431	0.0431	0.0431	0.0431
2056	2057	2058	2059	2060	2061	2062	2063	2064
0	0	0	0	0	0	0	0	0
0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858	0.043858
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
2056-57	2057-58	2058-59	2059-60	2060-61	2061-62	2062-63	2063-64	2064-65
0	0	0	0	0	0	0	0	0

0.043	0.043	0.043	0.043	0.043	0.043
1	1	1	1	1	1
2065	2066	2067	2068	2069	2070
0	0	0	0	0	0
0.043858	0.043858	0.043858	0.043858	0.043858	0.043858
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
2065-66	2066-67	2067-68	2068-69	2069-70	
0	0	0	0	0	

From: Ronald Kwan
To: John Kim
Subject: FW: Fair Hydro Plan: Social Program Payment
Date: Tuesday, September 19, 2017 5:07:18 PM

-----Original Message-----
From: Chander, Sunita (ENERGY) [mailto:Sunita.Chander@ontario.ca]
Sent: September-19-17 16:57
To: John Psinas <John.Psinas@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: Re: Fair Hydro Plan: Social Program Payment

OK, we'll send this up and let folks know

From: John Psinas
Sent: Tuesday, September 19, 2017 4:47 PM
To: Chander, Sunita (ENERGY)
Cc: Kandeepan, Ken (OFA); Kwan, Ronald (OFA); Thau, Risa (OFA); Sakura, George (OFA)
Subject: RE: Fair Hydro Plan: Social Program Payment

Sunita,

As discussed at the meeting today, the OFA would prefer if Energy use IFIS to make such payments, especially as they will be routine and under $99M. In those cases where a payment will be greater than $99M, it can be split in two.

While the OFA has made the occasional payment on behalf of Energy in special cases, it is not in our mandate to do so. We don't rightfully want to draw criticism from the OAG that we our stepping outside our mandate and routinely circumventing the established system in place, IFIS, that is designed to make regular payments and is the government's system of record. We believe OPCD can make payments within 24 hours notice and suggest contacting the director of operations there, Joe Liscio, who can assist in setting up the process.

While the process with OPCD is being developed, Ken will grant a short grace period and allow the OFA to make payments, especially the pending one for August as you mentioned.

Thanks.

John Psinas, MA, CPA, CA
Senior Manager
Accounting and Financial Reporting
Ontario Financing Authority
14th Flr
1 Dundas St W
Toronto ON M7A1Y7

416-325-8072
john.psinas@ofina.on.ca

From: Chander, Sunita (ENERGY) [mailto:Sunita.Chander@ontario.ca]
Sent: Monday, August 21, 2017 5:28 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca<mailto:Ronald.Kwan@ofina.on.ca>>
Subject: Fair Hydro Plan: Social Program Payment

Hi Ken, hope this finds you well (copying Ron here as well). Can we chat about OFA's role in helping with the payments related to the Fair Hydro Plan? As you know, this is a really important program that needs to run smoothly and am hoping that OFA can help ensure that happens. Copying Ron here who is part of the weekly meetings related to the Fair Hydro Plan and can perhaps give you some additional context on these programs. I'm happy to chat further, but believe our teams chatted last week about this (I've been away for the past two weeks), hoping that we can connect to ensure that payments continue to the IESO on a monthly basis.

Thanks, hope to chat soon
-Sunita

Sunita Chander
Director, Distribution and Agency Policy Branch Strategic, Network and Agency Policy Division Ministry of Energy

77 Grenville St., 6th Floor
Toronto ON M7A 2C1
Tel: 416-325-6594
Email: sunita.chander@ontario.ca<mailto:sunita.chander@ontario.ca>

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Bruno Amara
Subject: FW: Follow up to Conference call with TDS
Date: Wednesday, May 03, 2017 10:10:11 AM

Fyi.

From: Ken Kandeepan
Sent: Wednesday, May 03, 2017 10:09 AM
To: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Nadine Petsche (MOF) <Nadine.Petsche@ontario.ca>; 'Veinot, Cindy (TBS)' <Cindy.Veinot@ontario.ca>
Subject: Follow up to Conference call with TDS

Hi All

We discussed a number of options with TDS yesterday on the type of equity to be issued by OPG to the Province in relation to the equity injection.

While the preferred equity option did present some attractive features from the perspective of tracking and perhaps an increased level of assurance to the Province with regard to dividend payments, Gadi suggests that we move forward with the common equity option from the twin objectives of simplicity as well as safeguarding the 20% of common equity limitation on the value of preferred equity. The latter is an important criteria from the perspective of the Rating Agencies.

There are a couple of issues yet to be resolved with regard to the common equity option:

- The possibility of issuing common equity as “Class B” shares thus differentiating the share issued by OPG under the equity injection from the existing shares owned by the Province. This makes it easier to track and to accrue dividends.
- The share price attributable to each share issued under the equity injection; approximate book value or some other methodology. Note that OPG’s annual report does not indicate a share price, however, the notes to the F/S provide the number of shares and the value of the Province’s original investment allowing the reader to work out a per share value of $20 which corresponds to what the Province carries in its own books.

We will work with all of you and consult with TDS on developing options on the above.

Thanks

Ken k

From:	Young, Graham (ENERGY)
To:	Gavin He
Cc:	John Kim; Sawwaf, Khareem (ENERGY); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Thouin, Alena (ENERGY); Asokan Sadasivan (MEDTE/MRI); Pratima Gounden (ENERGY)
Subject:	FW: MOU between OFA and Energy
Date:	Wednesday, November 29, 2017 4:32:44 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v13 ENERGY Nov 29.docx

Gavin,

Thank you for accepting our proposed changes. We reviewed and have a few more edits on pages 1-2 of the attached version.

Please let us know if you have any concerns.

Thank you,
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 29, 2017 11:53 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: MOU between OFA and Energy

Hi Shruti,

Attached is the latest version of the MOU that our Legal just provided. I have removed the word "subordinate" in the attached copy on paragraph 4 based on our discussion last Friday.

Here's a summary of the changes:

- Remove the word "subordinate" in paragraph 4
- Added a definition of business day
- Added an acknowledgement of possible future changes to the wire transfer instruction
- Added schedule C and reference to schedule C in the MOU.

Could you please take a look and let me know if you are good with the attached version?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 29, 2017 11:43 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim

<John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Gavin

My comments on the most recent draft of the MOU which you have provided to me, including my comments on the proposed payment authorization form are attached.

I note that not all of the concerns from MoE of which I am aware (such as the desire to remove the reference to subordinated debt in
Recital 4) are reflected in this draft. Please ensure that any further comments by MoE are made on this draft.

ken

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim

<John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller

56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, ~~T~~the Legislative Assembly of Ontario ~~Government of Ontario~~ enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act ~~(the "Regulations")~~ provide~~s~~ the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's ~~subordinated~~ debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.~~.~~

6. In accordance with the Equity Injection Plan, ~~T~~the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") in the form consistent with that provided for in Schedule A to this Memorandum of Understanding (the "MOU"), setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount"), consistent with the requisite approval for the appropriations, which have already been obtained and any future appropriations approvals processes to be obtained. .

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] five (5) business Business days Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding (the "MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three ~~business~~ Business ~~days~~ Days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved ~~for payment~~ by the Minister of Energy or a delegate, ~~and~~

b. a clear and legible electronic copy of a certificate (the "Certificate") confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription~~.~~, and

~~b.~~c. a ~~P~~payment ~~A~~authorizs~~s~~ation approved by Deputy Minister of Energy or delegate in the form attached as ~~(~~Schedule C~~)~~ to this MOU (the "Payment Authorization").

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, ~~and~~ the Certificate and the Payment Authorization as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments ~~is~~ shall be as set out in ~~attached as~~ Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

f) The Ministry shall deliver to the OFA certified copies of any

a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,

b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and

c. authorizations under Section 11.4 (2) 1. of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch

Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

In the case of the OFA:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription ~~form~~ dated **[date]** (the "Share Subscription ~~Form~~") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription ~~Form~~ requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (~~Authorised person of Ministry of Energy~~Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) to cover payment as consideration for the subscription of shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Formatted: Font: (Default) +Body (Calibri), Font color: Red

Formatted: Font: (Default) +Body (Calibri), Font color: Red

From:	Risa Thau
To:	Kenneth Russell
Cc:	Ken Kandeepan; Alfonso Soriano; John Psinas; George Sakura; Gavin He; John Kim; Asokan Sadasivan (MEDTE/MRI)
Subject:	FW: MOU between OFA and Energy
Date:	Monday, November 27, 2017 12:38:54 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v10 ENERGY edits Nov 27.docx

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language

requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>;

John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)

Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by the Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

Commented [TS(1]: The Master Share Subscription agreement doesn't specify that the equity injections would go to fund "subordinated debt." I understand there is another agreement between OFA and OPG on this issue. Do we need to be specific here?

7. Each month OPG will deliver to the Ministry a share subscription form (the “Share Subscription”) setting out the amount of equity injection required (the “Subscription Payment”) and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (“Appropriated Amount”).

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the “Share Subscription Payment Date”).

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding (“MOU”) to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) t~~T~~ransacting with the Ontario Shared Services “IFIS” system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) m~~M~~aking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by Minister or a delegate ~~Energy~~ **~~[insert appropriate MoE official]~~**, and

b. a clear and legible electronic copy of a certificate (the "Certificate" ~~confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. ~~(the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

~~b.~~c. Payment Authorisation approved by Deputy Minister or delegate (Schedule C)

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the

Commented [TS(2]: I believe this is defining the certificate in this section, and not the subscription payment.

Commented [Kamala3]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

Commented [SK(4]: Include the following:

Name:
Title:
Address:

~~c)~~ As of the date of this MOU the Ministry's contact persons are~~is~~:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: ~~,~~ shruti.talwar@ontario.ca

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca

~~d)~~c) Either party may designate a different member of its staff as its contact person by providing thirty (30) ~~notice~~days notice ~~-~~to the other party in accordance with section 7.

8) Notice

a) ~~Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.~~Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

~~a)~~

~~b)~~ In the case of the OFA~~:, the addresses for notice are:~~
~~Hand Delivery:~~
b) Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Ministry~~:, the addresses for notice are:~~
~~Hand Delivery:~~
Ministry of Energy

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: shruti.talwar@ontario.ca

Formatted: Indent: Left: 0.5", Space After: 10 pt, No bullets or numbering
Formatted: Font: (Default) Arial
Formatted: English (Canada)
Formatted: Font: (Default) Arial, English (Canada)
Formatted: English (Canada)
Field Code Changed
Formatted: English (Canada)
Formatted: English (Canada)
Formatted: Font: (Default) Arial, English (Canada)
Formatted: Normal
Formatted: English (Canada)
Formatted: Tab stops: 1.67", Left
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Field Code Changed
Formatted: Font: 11 pt
Formatted: Indent: Left: 0.75", No bullets or numbering
Formatted: Font: 12 pt
Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"
Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: (Default) Arial, 12 pt, No underline
Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"
Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: 12 pt
Commented [SK(5]: I'm assuming the contact person under section 7 will be the same contact person set out here.
Commented [TS(6R5]: To be confirmed with Corporate/OFA
Formatted: Indent: Left: 0.75"
Formatted: English (Canada)
Field Code Changed
Formatted: English (Canada)
Formatted: English (Canada)

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca
~~XXXX~~
~~XXXX~~
~~XXXX~~

Formatted: Indent: Left: 0.75"

Formatted: Indent: Left: 0.25"

9) Conflict between MOU and Master Share Subscription Agreement

Formatted: Font: Bold

Formatted: Indent: Left: 0.25", No bullets or numbering

In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.

Formatted: Font: 11 pt

Formatted: Font: 11 pt

~~9)~~10) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**.

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Indent: Left: 0", Space After: 0 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt, Not Bold
Formatted: Font: 11 pt

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Authorised person of Ministry of Energy)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) to cover payment as consideration for the subscription of shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Formatted: Font color: Red

Formatted: Font color: Red

Formatted: Font color: Red

Formatted: Font color: Red

Formatted: Font color: Red

Formatted: Font color: Red

From:	Risa Thau
To:	Kenneth Russell
Cc:	Ken Kandeepan; Alfonso Soriano; John Psinas; George Sakura; John Kim; Gavin He
Subject:	FW: MOU between OFA and Energy
Date:	Monday, November 27, 2017 11:36:54 AM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v10 ENERGY edits Nov 20.docx Sample Payment Request.pdf
Importance:	High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by the Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

Commented [TS(1]: The Master Share Subscription agreement doesn't specify that the equity injections would go to fund "subordinated debt." I understand there is another agreement between OFA and OPG on this issue. Do we need to be specific here?

7. Each month OPG will deliver to the Ministry a share subscription form (the “Share Subscription”) setting out the amount of equity injection required (the “Subscription Payment”) and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (“Appropriated Amount”).

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the “Share Subscription Payment Date”).

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding (“MOU”) to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) t~~T~~ransacting with the Ontario Shared Services “IFIS” system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) m~~M~~aking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by Minister or a delegate ~~Energy~~ **~~[insert appropriate MoE official]~~**, and
b. a clear and legible electronic copy of a certificate (the "Certificate" ~~confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. ~~(the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the

Commented [TS(2]: I believe this is defining the certificate in this section, and not the subscription payment.

Commented [Kamala3]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

Commented [SK(4]: Include the following:

Name:
Title:
Address:

~~c)~~ As of the date of this MOU the Ministry's contact persons are~~is~~:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: shruti.talwar@ontario.ca

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca

~~d)~~c) Either party may designate a different member of its staff as its contact person by providing thirty (30) ~~notice~~days notice to the other party in accordance with section 7.

8) Notice

a) ~~Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.~~Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

~~a)~~

~~b)~~ In the case of the OFA:~~, the addresses for notice are:~~
~~Hand Delivery:~~
b) Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Ministry:~~, the addresses for notice are:~~
~~Hand Delivery:~~
Ministry of Energy

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: shruti.talwar@ontario.ca

Formatted: Indent: Left: 0.5", Space After: 10 pt, No bullets or numbering
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Normal
Formatted: Tab stops: 1.67", Left
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Field Code Changed
Formatted: Font: 11 pt
Formatted: Indent: Left: 0.75", No bullets or numbering
Formatted: Font: 12 pt
Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"
Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: (Default) Arial, 12 pt, No underline
Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"
Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: 12 pt
Commented [SK(5]: I'm assuming the contact person under section 7 will be the same contact person set out here.
Commented [TS(6R5]: To be confirmed with Corporate/OFA
Formatted: Indent: Left: 0.75"

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca
~~XXXX~~
~~XXXX~~
~~XXXX~~

Formatted: Indent: Left: 0.75"

Formatted: Indent: Left: 0.25"

9) Conflict between MOU and Master Share Subscription Agreement

Formatted: Font: Bold

Formatted: Indent: Left: 0.25", No bullets or numbering

In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.

Formatted: Font: 11 pt

Formatted: Font: 11 pt

~~9)~~10) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**.

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Indent: Left: 0", Space After: 0 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt, Not Bold
Formatted: Font: 11 pt

Ministry of Energy

Office of the Deputy Minister
Hearst Block, 4th Floor
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6755

Ministère de l'Énergie

Bureau du sous-ministre
4e étage, édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél.: 416-327-6758
Téléc.: 416-327-6755

Ontario

March 9, 2017

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Serge Imbrogno
Deputy Minister

SUBJECT: Authorizing the Release of Funds to Foreign Affairs Trade and Development Canada

---

I am hereby authorizing a payment (through wire transfer) in the amount of $28,409,153.79, to Foreign Affairs Trade and Development Canada to cover payment of damages, legal costs and accrued interest awarded to Windstream Energy LLC.

The Recipient's bank account information is provided below:

Bank Institution: The Bank of Nova Scotia, Toronto Business Service Centre
Bank Address: 20 Queen Street West, Toronto Ontario M5H 3R3
Bank ID: 002
Transit: 47696
Account Name: Receiver General for Canada
Account Number: 476961068717
Beneficiary Name: Foreign Affairs Trade and Development Canada
SWIFT CODE: NOSCCATT
Authorization/BAN: 005-22674
Charges Field: OUR

The IFIS account code string to be used to record the above transaction is provided:
029-290201-0000-978711-583010-0000-0000-0000

Sincerely,

Serge Imbrogno
Deputy Minister

From: Gavin He
To: John Kim
Subject: FW: MOU between OFA and Energy
Date: Wednesday, November 29, 2017 5:46:05 PM
Attachments: OFA - MoE MOU Fair Hydro Plan_v13 ENERGY Nov 29_CEFD(OFA Legal).docx

---

Hi John,

Ken has reviewed and provided his comments. Are you good with this going back to Energy.

Since the changes are not related to FTD and CMD, so I don't think they need to review this again.

Regards,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 29, 2017 5:38 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Gavin

My comments are attached.

Ken

From: Gavin He
Sent: Wednesday, November 29, 2017 4:47 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

ENERGY provided their feedback to our latest version of the MOU (see the first attachment).

I have reviewed and made my comments in the second attachment. Could you please take a look and provide me with your comments?

In addition, I have removed the names and contact info on section 7 and 8 based on the discussion from last Friday, only referring to the titles.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Wednesday, November 29, 2017 4:32 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: FW: MOU between OFA and Energy

Gavin,

Thank you for accepting our proposed changes. We reviewed and have a few more edits on pages 1-2 of the attached version.

Please let us know if you have any concerns.

Thank you,
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 29, 2017 11:53 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: MOU between OFA and Energy

Hi Shruti,

Attached is the latest version of the MOU that our Legal just provided. I have removed the word "subordinate" in the attached copy on paragraph 4 based on our discussion last Friday.

Here's a summary of the changes:

- Remove the word "subordinate" in paragraph 4
- Added a definition of business day
- Added an acknowledgement of possible future changes to the wire transfer instruction
- Added schedule C and reference to schedule C in the MOU.

Could you please take a look and let me know if you are good with the attached version?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 29, 2017 11:43 AM
To: Gavin He <Gavin.He@ofina.on.ca>

Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Gavin

My comments on the most recent draft of the MOU which you have provided to me, including my comments on the proposed payment authorization form are attached.

I note that not all of the concerns from MoE of which I am aware (such as the desire to remove the reference to subordinated debt in
Recital 4) are reflected in this draft. Please ensure that any further comments by MoE are made on this draft.

ken

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included

Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>

Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, ~~T~~the Legislative Assembly of Ontario ~~Government of Ontario~~ enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act ~~(the "Regulations")~~ provide~~s~~ the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's ~~subordinated~~ debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.~~.~~

6. In accordance with the Equity Injection Plan, ~~T~~the Ministry will subscribe for Class A Shares on a monthly basis.

Commented [GH1]: Not sure if this makes sense.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") ~~in the form consistent with that provided for in Schedule A to this Memorandum of Understanding (the "MOU"),~~ setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

~~8.~~ The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount"), ~~consistent with the requisite approval for the appropriations, which have already been obtained and any future appropriations approvals processes to be obtained.~~

8.

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within ~~[*]~~ five (5) ~~business~~ Business ~~days~~ Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Commented [GH2]: I don't think this is correct. Schedule A is a s.11.4 FAA Certificate, not a share subscription.

Commented [KR3]: I agree. Schedule A is not the share subscription form

Commented [GH4]: What's the purpose of this sentence?

Commented [KR5]: I agree. This statement is not relevant for the purposes of the MOU.

Formatted: Numbered + Level: 1 + Numbering Style: 1, 2, 3, … + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Commented [KR6]: Memorandum of Understanding should appear in full and then be defined as "MOU"

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three ~~business~~ Business ~~days~~ Days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved ~~for payment~~ by the Minister of Energy or a delegate, ~~and~~

b. a clear and legible electronic copy of a certificate (the "Certificate") confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription~~.~~, and

~~b.~~c. a ~~P~~payment ~~A~~authori~~z~~sation approved by Deputy Minister of Energy or delegate in the form attached as ~~(~~Schedule C~~)~~ to this MOU (the "Payment Authorization").

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, ~~and~~ the Certificate and the Payment Authorization as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments ~~is~~ shall be as set out in ~~attached as~~ Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

f) The Ministry shall deliver to the OFA certified copies of any

a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,

b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and

c. authorizations under Section 11.4 (2) 1. of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

~~Name: John Kim~~
~~Title:~~ Director, Electricity Finance Branch

Formatted: Indent: First line: 0"

Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

Formatted: Indent: First line: 0"

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

In the case of the OFA:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Formatted: Indent: First line: 0"

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

Formatted: Indent: First line: 0"

In the case of the Ministry:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416-902-2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription ~~form~~ dated **[date]** (the "Share Subscription ~~Form~~") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription ~~Form~~ requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (~~Authorised person of Ministry of Energy~~Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) to cover payment as consideration for the subscription of shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Formatted: Font: (Default) +Body (Calibri), Font color: Red

Formatted: Font: (Default) +Body (Calibri), Font color: Red

From: Christina Zhang
To: John Kim; Gavin He
Cc: Alexander Kraas
Subject: FW: MOU for Equity Injection
Date: Monday, March 12, 2018 4:40:52 PM
Attachments: image001.png

Hi John,

FYI. Alex was asking why there was such a discrepancy between the Budget 2018 number that we carried for GA in the financing table versus the actual amount. It's bad timing considering we locked in the numbers for the Document on Friday.

Regards,
Christina

From: Salvatore Alfano
Sent: Monday, March 12, 2018 2:47 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi,

Just saying that the Province may be flowing $333M less than the $853 forecast for 2017-18.

Sal

From: Christina Zhang
Sent: Monday, March 12, 2018 2:39 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Salvatore,

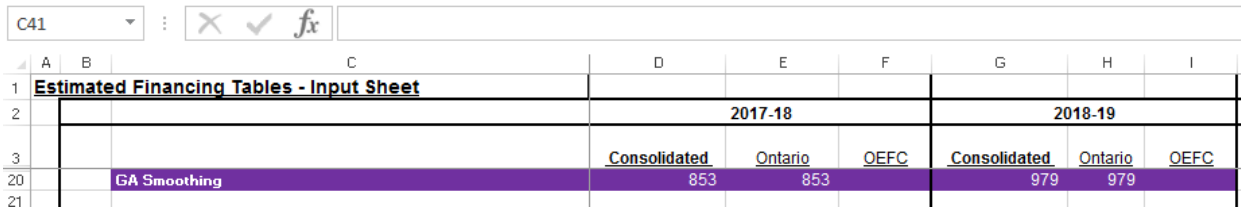
Would you mind clarifying your comment? I believe the $853M for F2017-18 is unchanged from FES.

Regards,
Christina

From: Salvatore Alfano
Sent: Monday, March 12, 2018 2:36 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hello,

As an FYI…..We'll see what happens on this, but $853M may have to be reduced by $333M (forecast for March 2018) for 2017-18 (highlighted in purple below)?



C41

	A	B	C	D	E	F	G	H	I
1			**Estimated Financing Tables - Input Sheet**						
2					**2017-18**			**2018-19**	
3				**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario	OEFC
20			**GA Smoothing**	853	853		979	979	
21									

Sal

From: Gavin He
Sent: Monday, March 12, 2018 1:35 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Alfano,

According to the latest update from OPG, they are not expecting to purchase the regulatory assets from IESO until next month, so I don't think there will be an equity injection for this month.

I will keep you posted if I hear anything else.

Regards,
Gavin He

From: Salvatore Alfano
Sent: Monday, March 12, 2018 12:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: FW: MOU for Equity Injection

Hi Gavin,

Alfonso is away for a few weeks – I understand that the Province will be flowing funds for the GA Fair Hydro Plan this month. Is a subscription forthcoming with an amount and timing?

Thanks,

_____
Sal Alfano
Coordinator, Cash Management
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M7A 1Y7
Tel: 416-325-8095
Fax: 416-204-6664

Sal

From: Alfonso Soriano
Sent: Thursday, February 22, 2018 2:02 PM
To: Jensen Chong <Jensen.Chong@ofina.on.ca>; Evengeline Ng <Evengeline.Ng@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Subject: FW: MOU for Equity Injection

FYI

From: Gavin He
Sent: Tuesday, December 19, 2017 11:11 AM
To: Risa Thau
Cc: Alfonso Soriano
Subject: MOU for Equity Injection

Hi Risa,

Here's the final version of the MOU.

Regards,
Gavin He

C41

	A	B	C	D	E	F	G	H	I
1	**Estimated Financing Tables - Input Sheet**								
2				**2017-18**			**2018-19**		
3				**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario	OEFC
20			**GA Smoothing**	853	853		979	979	
21									

From:	John Kim
To:	Gavin He
Cc:	Shajee Kathirgamanathan
Subject:	FW: March 2018 IESO Invoice - OREC
Date:	Tuesday, April 17, 2018 2:15:06 PM
Attachments:	March 2018 IESO Invoice.pdf

From: Kwasny, Anna (MEDG/MRIS) [mailto:Anna.Kwasny@ontario.ca]
Sent: April-17-18 2:14 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Kamala Sinnadurai (ENERGY) <Kamala.Sinnadurai@ontario.ca>; Gregor Schoenebeck <Gregor.Schoenebeck@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Kevin Hwang <Kevin.Hwang@ofina.on.ca>
Cc: Lim, Ryan (ENERGY) <Ryan.Lim@ontario.ca>; Tai An (ENERGY) <Tai.An@ontario.ca>; Janet Lim (ENERGY) <Janet.Lim@ontario.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Hunter, Robert A. (ENERGY) <Robert.A.Hunter@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Zade, Ryan (ENERGY) <Ryan.Zade@ontario.ca>
Subject: March 2018 IESO Invoice - OREC

Good Afternoon,

Please see the attached IESO Invoice for the month of March 2018. Please proceed with processing the OREC payment for the amount of $63,614,917.06.

Kindly note that the following programs are also included on the March invoice, and a separate email will be sent regarding information and payment approval for these:

- On-Reserve First Nations Delivery Credit
- Distribution Rate Protection
- Rural and Remote Rate Protection
- Ontario Electricity Support Program

Thank you,
Kind Regards,

Anna Kwasny
Senior Analyst
56 Wellesley Street West, 4th Floor
Toronto, ON M7A 2E7
Phone: (416) 230-5699

Business Planning & Finance Branch
Ministry of Energy
Ministry of Economic Development & Growth
Ministry of Infrastructure
Ministry of Research, Innovation & Science

Please consider the environment before printing this email.
Pensez à l'environnement avant d'imprimer ce message

Independent Electricity System Operator
PHYSICAL INVOICE

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON
M5W 4E5
HST: 870513959RT0002

Issue / Re-Issue Date: **16-APR-2018**

MINISTRY OF ENERGY
Hearst Block 4th Flr, 900 Bay St.
Toronto, ON M7A 2E1
Canada

Invoice: PI00022505
Invoice Date: 16-APR-2018
MP ID: 110354
MP GST/HST: N/A

Please send payment by WIRE or EFT to:

Bank Name: TD Bank
Bank ID Number: **0004**
Bank Account Number: **0690-0458762**
Bank Acc Type: **Settlement Clearing**
Bank Transit Number: **10202**

For all inquiries contact:
IESO Account Representative
Tel: 905-403-6900
Toll Free: 1-888-448-7777

Comments:

Charges for settlement statements issued: From 01-MAR-2018 To 31-MAR-2018

Charge Type	Description	Amount
755	MOE - ONTARIO FAIR HYDRO PLAN FIRST NATIONS ON-RESERVE DELIVERY BALANCING AMOUNT	$2,072,677.42
756	MOE - ONTARIO FAIR HYDRO PLAN DISTRIBUTION RATE PROTECTION BALANCING AMOUNT	$19,969,958.50
1467	ONTARIO REBATE FOR ELECTRICITY CONSUMERS (8% PROVINCIAL REBATE) BALANCING AMOUN T	$63,614,917.06
1753	MOE - RURAL AND REMOTE SETTLEMENT DEBIT	$19,784,410.32
2470	MOE - ONTARIO ELECTRICITY SUPPORT PROGRAM BALANCING AMOUNT	$12,904,453.50
2470	MOE - ONTARIO ELECTRICITY SUPPORT PROGRAM BALANCING AMOUNT	$1,184,062.42
Invoice Total:	$CAD	119,530,479.22

Payment Due Date 18-APR-2018

This invoice also constitutes a debit/credit note for GST/HST purposes

From: Gavin He
To: John Kim; Shajee Kathirgamanathan
Subject: FW: MoE - OFA MOU for OREC
Date: Monday, July 24, 2017 2:46:43 PM

Hi John/Shajee,

Ken R. provided a draft FHP MOU to Ken K. for comments, and it seems that now Ken K. would like to have a quick chat with our Branch. His concern is the Fair Hydro Plan payments are quite small and wonders why MoE could not deal with them directly.

Please let me know if we could book a quick meeting to discuss this with them.

Regards,
Gavin He

From: Kenneth Russell
Sent: Monday, July 24, 2017 2:39 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: MoE - OFA MOU for OREC

Gavin

I have provided a copy of the draft MOU to Ken Kandeepan for his comments and he would like to have a brief chat with your area about the reasons for the OFA agreeing to take on these payments before proceeding further.

Ken

From: Gavin He
Sent: Monday, July 24, 2017 2:17 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: MoE - OFA MOU for OREC

Hi Ken,

Attached is the final OREC MOU for OFA. Please let me know if you need anything else.

Regards,
Gavin He

From: Kenneth Russell

Sent: Monday, July 24, 2017 1:41 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MoE - OFA MOU for OREC

Gavin

Can you please send me a copy of the current executed OREC MOU to assist me in providing comments on the draft you forwarded to me last week. Thanks

Ken

From: Gavin He
Sent: Friday, December 09, 2016 6:50 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: MoE - OFA MOU for OREC

Hi Ken,

Please find attached the updated MOU with proposed edits from our ADM. Could you please take a look and let us know if you are okay with the edits.

Thanks,
Gavin He

From: John Kim
Sent: Friday, December 09, 2016 3:44 PM
To: Kenneth Russell ; Gavin He
Subject: RE: MoE - OFA MOU for OREC

Thanks Ken.

Gavin, could you send this on to Ron for his review?

John.

From: Kenneth Russell
Sent: Friday, December 09, 2016 3:18 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: MoE - OFA MOU for OREC

Gavin

The revised language for section3. (b) is fine.

Ken

From: Gavin He
Sent: Friday, December 09, 2016 9:38 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: MoE - OFA MOU for OREC

Hi Ken,

In addition to the question below, Energy updated the language in the MOU Section 3. (b) to be:

"The OFA will keep and maintain all records related to the OREC for a period of seven (7) years, and will provide the Ministry with electronic copies (or paper copies, if requested by the Ministry) of such of those records as the Ministry may request from time to time."

Can you please let us know if you are okay with the revised language?

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, December 08, 2016 6:43 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: MoE - OFA MOU for OREC

Hi Ken,

Quick question in the attached MOU. In bullet #2, "reimbursements" was defined, and then in #3, "reimbursements" was re-defined as "payments". Can we not just use the term "payments" across the whole document? Could you please let us know what your thoughts are on this?

Thanks,
Gavin He

From: John Kim
Sent: Wednesday, December 07, 2016 11:20 AM
To: Gavin He <Gavin.He@ofina.on.ca>

Subject: FW: MoE - OFA MOU for OREC

Do you mind taking a look? I want to move this to Ron this afternoon….

Thanks,

John.

From: Salman Qadir
Sent: Wednesday, December 07, 2016 8:20 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Fwd: MoE - OFA MOU for OREC

Hi John,

See Kens comment in the attached. He has a good point in the sense as to what sort of "are in agreement" looks like, especially since we seen that Energys PRRT didn't really mention the OFA as playing a role in the forecasting.

Salman

Begin forwarded message:

> **From:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Date:** December 6, 2016 at 3:28:07 PM EST
> **To:** Salman Qadir <Salman.Qadir@ofina.on.ca>
> **Cc:** Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>
> **Subject: RE: MoE - OFA MOU for OREC**
>
> Salman
>
> My comments on your notes to the draft MOU are attached. I am not in a position to comment on the description of the program structure in the draft MOU.
>
> Ken
>
> ---
>
> **From:** Salman Qadir
> **Sent:** Monday, December 05, 2016 10:46 AM
> **To:** Caroline Swerdlyk <Caroline.Swerdlyk@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** MoE - OFA MOU for OREC
>
> Hi Caroline/Ken,

We have received a marked up version of the MOU between the OFA and MoE related to the OREC regulation. I did a quick blackline and there were actually other changes that were not highlighted and was advisable to check with you whether you see any issues/comments. The changes seem to revolve around the definitions of the program etc.

V3_clean = what we had last sent over
DAP Nov 25 = the latest markup we received
Track changes to v3_clean - quick blackline to show additional changes not shown in the markup received.

Hoping you can take a quick look.

Thank you,
Salman

From:	Carlos Yep
To:	"Montgomery, Kaitlin (MOF)"; Ken Kandeepan; Mike Manning; John Kim; John Psinas
Cc:	Keley Katona (ENERGY); James Devine
Subject:	FW: OFA Feedback re Fair Hydro Plan - Sub Debt
Date:	Friday, August 25, 2017 10:19:50 AM
Attachments:	Draft Subordianted Debt Term Sheet.doc FHPA Regulations - Fees.docx

Hi Kaitlin,
Yes, there is still some work to be done on the Sub-Debt.

The OFA has not seen any revised documents from OPG. With Attached is the email from Ken Kandeepan to Sheen Liu at OPG on July 31 that dealt only with the Sub-Debt and Performance Fees with one major change and some other recommendations, Ken did clarify with Sheen that the OFA could not comment on the fix fee.

The main point is that it should be between OPG, Fair Hydro Trust and the Ministry of Energy.

Regards
Carlos

From: Ken Kandeepan
Sent: Monday, July 31, 2017 4:20 PM
To: 'LIU Sheen -TREASURY' <sheen.liu@opg.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan

Hi Sheen

Pls find attached our comments on each document. Happy to discuss along with my colleagues from our Capital Markets Division who are cc'ed.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: OFA Feedback re Fair Hydro Plan

Ken,

Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.

Regards

Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.

Pls proceed accordingly.

Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations

Hi Ken,

My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.

Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED,

PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, ~~OFA~~, Ministry of Energy

- In accordance with the Master Subscription Agreement among OPG, ~~OFA~~ and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

Commented [KK1]: The OFA is not part of the master subscription agreement and hence should be removed.

Commented [KK2]: OPG can simplify (only set rates once) and reduce financing risk (there is no certainty as to the timing or term structure of the senior debt issuance) of the suggested process by terming out the subordinated debt at the time of each monthly equity injection from the Province

TORYS/OPG COMMENTS: JUNE 22, 2017

Fees, subs. 19 (3) of the Act

(x.1) For the purposes of this section, "incremental annual funding obligation" means the aggregate of all funding obligations issued by all financing entities in a calendar year.

10xx. (1) For the purposes of subsection 19 (3) of the Act, the Financial Services Manager may establish and charge fees to financing entities in relation to the following matters:

1. The services provided by the Financial Services Manager to financing entities, which may include services related to planning, financing, negotiation and execution of agreements, the payment of costs and expenses on behalf of a financing entity, front office services and administrative services.

2. The costs of doing anything that the Financial Services Manager is required or permitted to do under the Act.

(2) The fees mentioned in subsection (1) shall be established annually and shall be comprised of a fixed fee and a variable fee based on performance.

(x.2) The fixed fee referred to in (2) shall be payable monthly and calculated as follows:

$$(A \times B) / 12$$

Where,

A = a percentage, expressed as a per annum rate, based on market comparable fees determined by the Financial Services Manager charged by service providers for similar services, and

B = the average of the opening and closing balances of the aggregate principal amount of outstanding funding obligations issued by all financing entities in the previous calendar month.

(x.3) The variable fee referred to in (2) shall be calculated as the sum of the amounts calculated, using the following formula, for all tranches of funding obligations issued by all financing entities in the relevant year:

$$(A \times (B - C)) \times D$$

Where,

A = the principal amount of the applicable tranche of net incremental annual funding obligations,

B = the forecast interest rate for the applicable tranche of incremental annual funding obligations, as determined by the Financial Services Manager on or before the end of the calendar year prior to the calendar year in which the fee is being determined and based on the term of the applicable tranche of incremental annual funding obligations,

C = the actual interest rate for the applicable tranche of incremental annual funding obligations,

D = 5%

(3) The variable fee payable for any calendar year shall not be:

1. more than 1% of (D × the incremental annual funding obligations), or

2. less than -1% of (D × the incremental annual funding obligations).

(3.x) If the variable fee is a negative amount, such amount shall be deducted from the fixed fee payable in the following calendar year in twelve equal monthly instalments.

Board approval of fees, subs. 19 (4) of the Act

11xx. (1) The Financial Services Manager shall submit its proposed fees, together with the methodology used for determining its proposed fees, to the Board for approval no later than August 31, 2017. ***[NTD: Need to determine how to deal with the 1st fee. Understand that OPG is proposing a fixed fee for this year. OPG: There will not be a variable fee for the 1st year.]***

(2) The Board may approve the fees proposed under (1) and the methodology used to determine those fees or it may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

(3) The Financial Services Manager may from time to time, but not more than once in any 12 month period, submit proposed amendments to the approved methodology for determining fees, together with its proposed fees based on such proposed amendments, to the Board and the Board may approve the proposed amendments and the proposed fees or may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

Commented [A1]: Pls note that as it stands it appears to include all of the borrowings in any given year which is both new borrowings and refinancing maturities. Including the word "net" ensures that the performance fee is limited to new borrwoings only.

(4) If the Financial Services Manager submits proposed amendments to its approved methodology for determining fees, the proposed amendments together with the proposed fees based on such proposed amendments shall be submitted to the Board for approval no later than 120 days before the Financial Services Manager intends for the fees, determined on the basis of the amended methodology, to commence being charged.

(5) Section 10 applies with such modifications as the context may require to any application by the Financial Services Manager for approval to amend the approved methodology for determining fees and for approval of the resulting fees.

(6) The Financial Services Manager may annually establish and charge fees to financing entities in accordance with the methodology approved by the Board under (2) or (3), as applicable, and such fees shall be deemed to have been approved by the Board for purposes of subsection 19(4) of the Act provided that, in each year where the Financial Services Manager establishes and charges fees that are deemed to have been approved under this subsection, the Financial Services Manager shall submit to the Board, for information purposes, a report setting out the fees that have been established for the year and demonstrating that the approved methodology has been appropriately applied.

(7) When the Financial Services Manager submits its proposed fees and methodology under (1), or its proposed amendments to the approved methodology and resulting proposed fees under (3), the Financial Services Manager shall provide the Board with the following:

1. The methodology that the Financial Services Manager has used to calculate its fixed and variable fees.

2. The methodology that the Financial Services Manager has used to benchmark the market comparable fees charged by service providers for similar services.

3. The identity of the financing entities that are liable to pay the proposed fees.

4. Such other information as the Board may require.

(x.1) Fees established by the Financial Services Manager and approved by the Board shall be included in the definition of “expenses” for the purposes of determining finance amounts under the Act.

From: John Kim
To: Bruno Amara; Shajee Kathirgamanathan
Subject: FW: OFA Feedback re Fair Hydro Plan - Sub Debt
Date: Friday, August 25, 2017 10:27:17 AM
Attachments: Draft Subordianted Debt Term Sheet.doc
FHPA Regulations - Fees.docx

Fyi. Not something we are working on but had to help prod this along.

From: Carlos Yep
Sent: Friday, August 25, 2017 10:20 AM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan - Sub Debt

Hi Kaitlin,
Yes, there is still some work to be done on the Sub-Debt.

The OFA has not seen any revised documents from OPG. With Attached is the email from Ken Kandeepan to Sheen Liu at OPG on July 31 that dealt only with the Sub-Debt and Performance Fees with one major change and some other recommendations, Ken did clarify with Sheen that the OFA could not comment on the fix fee.

The main point is that it should be between OPG, Fair Hydro Trust and the Ministry of Energy.

Regards
Carlos

From: Ken Kandeepan
Sent: Monday, July 31, 2017 4:20 PM
To: 'LIU Sheen -TREASURY' <sheen.liu@opg.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan

Hi Sheen

Pls find attached our comments on each document. Happy to discuss along with my colleagues from our Capital Markets Division who are cc'ed.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: OFA Feedback re Fair Hydro Plan

Ken,

Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.

Regards

Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.

Pls proceed accordingly.

Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations

Hi Ken,

My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.

Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

---

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me

by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, ~~OFA~~, Ministry of Energy

- In accordance with the Master Subscription Agreement among OPG, ~~OFA~~ and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

Commented [KK1]: The OFA is not part of the master subscription agreement and hence should be removed.

Commented [KK2]: OPG can simplify (only set rates once) and reduce financing risk (there is no certainty as to the timing or term structure of the senior debt issuance) of the suggested process by terming out the subordinated debt at the time of each monthly equity injection from the Province

TORYS/OPG COMMENTS: JUNE 22, 2017

Fees, subs. 19 (3) of the Act

(x.1) For the purposes of this section, "incremental annual funding obligation" means the aggregate of all funding obligations issued by all financing entities in a calendar year.

10xx. (1) For the purposes of subsection 19 (3) of the Act, the Financial Services Manager may establish and charge fees to financing entities in relation to the following matters:

1. The services provided by the Financial Services Manager to financing entities, which may include services related to planning, financing, negotiation and execution of agreements, the payment of costs and expenses on behalf of a financing entity, front office services and administrative services.

2. The costs of doing anything that the Financial Services Manager is required or permitted to do under the Act.

(2) The fees mentioned in subsection (1) shall be established annually and shall be comprised of a fixed fee and a variable fee based on performance.

(x.2) The fixed fee referred to in (2) shall be payable monthly and calculated as follows:

$$(A \times B) / 12$$

Where,

A = a percentage, expressed as a per annum rate, based on market comparable fees determined by the Financial Services Manager charged by service providers for similar services, and

B = the average of the opening and closing balances of the aggregate principal amount of outstanding funding obligations issued by all financing entities in the previous calendar month.

(x.3) The variable fee referred to in (2) shall be calculated as the sum of the amounts calculated, using the following formula, for all tranches of funding obligations issued by all financing entities in the relevant year:

$$(A \times (B - C)) \times D$$

Where,

A = the principal amount of the applicable tranche of net incremental annual funding obligations,

B = the forecast interest rate for the applicable tranche of incremental annual funding obligations, as determined by the Financial Services Manager on or before the end of the calendar year prior to the calendar year in which the fee is being determined and based on the term of the applicable tranche of incremental annual funding obligations,

C = the actual interest rate for the applicable tranche of incremental annual funding obligations,

D = 5%

(3) The variable fee payable for any calendar year shall not be:

1. more than 1% of (D × the incremental annual funding obligations), or

2. less than -1% of (D × the incremental annual funding obligations).

(3.x) If the variable fee is a negative amount, such amount shall be deducted from the fixed fee payable in the following calendar year in twelve equal monthly instalments.

Board approval of fees, subs. 19 (4) of the Act

11xx. (1) The Financial Services Manager shall submit its proposed fees, together with the methodology used for determining its proposed fees, to the Board for approval no later than August 31, 2017. ***[NTD: Need to determine how to deal with the 1st fee. Understand that OPG is proposing a fixed fee for this year. OPG: There will not be a variable fee for the 1st year.]***

(2) The Board may approve the fees proposed under (1) and the methodology used to determine those fees or it may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

(3) The Financial Services Manager may from time to time, but not more than once in any 12 month period, submit proposed amendments to the approved methodology for determining fees, together with its proposed fees based on such proposed amendments, to the Board and the Board may approve the proposed amendments and the proposed fees or may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

Commented [A1]: Pls note that as it stands it appears to include all of the borrowings in any given year which is both new borrowings and refinancing maturities. Including the word "net" ensures that the performance fee is limited to new borrwoings only.

(4) If the Financial Services Manager submits proposed amendments to its approved methodology for determining fees, the proposed amendments together with the proposed fees based on such proposed amendments shall be submitted to the Board for approval no later than 120 days before the Financial Services Manager intends for the fees, determined on the basis of the amended methodology, to commence being charged.

(5) Section 10 applies with such modifications as the context may require to any application by the Financial Services Manager for approval to amend the approved methodology for determining fees and for approval of the resulting fees.

(6) The Financial Services Manager may annually establish and charge fees to financing entities in accordance with the methodology approved by the Board under (2) or (3), as applicable, and such fees shall be deemed to have been approved by the Board for purposes of subsection 19(4) of the Act provided that, in each year where the Financial Services Manager establishes and charges fees that are deemed to have been approved under this subsection, the Financial Services Manager shall submit to the Board, for information purposes, a report setting out the fees that have been established for the year and demonstrating that the approved methodology has been appropriately applied.

(7) When the Financial Services Manager submits its proposed fees and methodology under (1), or its proposed amendments to the approved methodology and resulting proposed fees under (3), the Financial Services Manager shall provide the Board with the following:

1. The methodology that the Financial Services Manager has used to calculate its fixed and variable fees.

2. The methodology that the Financial Services Manager has used to benchmark the market comparable fees charged by service providers for similar services.

3. The identity of the financing entities that are liable to pay the proposed fees.

4. Such other information as the Board may require.

(x.1) Fees established by the Financial Services Manager and approved by the Board shall be included in the definition of “expenses” for the purposes of determining finance amounts under the Act.

From:	John Kim
To:	Ronald Kwan
Subject:	FW: OFA Feedback re Fair Hydro Plan
Date:	Monday, July 31, 2017 1:42:24 PM
Attachments:	FHPA Regulations - Fees.docx Draft Subordianted Debt Term Sheet.doc

---

From: Carlos Yep
Sent: Monday, July 31, 2017 12:31 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan

John
I have scheduled a meeting for this afternoon at 230pm

1)We can not comment on the fixed fee.
2)Ken jas been involved on the variable / performance fee – we want to be the new net incremental debt
3)For the equity injection, we still want OFA not as a counterparty

C

From: Ken Kandeepan
Sent: Sunday, July 30, 2017 12:31 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan

Hi

I have no idea why OPG did not include you in the addressee list, maybe we can have quick discussion on this on Monday if you are available.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>

Subject: OFA Feedback re Fair Hydro Plan

Ken,

Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.

Regards

Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.

Pls proceed accordingly.

Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations

Hi Ken,

My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.

Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Fees, subs. 19 (3) of the Act

(x.1) For the purposes of this section, "incremental annual funding obligation" means the aggregate of all funding obligations issued by all financing entities in a calendar year.

10xx. (1) For the purposes of subsection 19 (3) of the Act, the Financial Services Manager may establish and charge fees to financing entities in relation to the following matters:

1. The services provided by the Financial Services Manager to financing entities, which may include services related to planning, financing, negotiation and execution of agreements, the payment of costs and expenses on behalf of a financing entity, front office services and administrative services.

2. The costs of doing anything that the Financial Services Manager is required or permitted to do under the Act.

(2) The fees mentioned in subsection (1) shall be established annually and shall be comprised of a fixed fee and a variable fee based on performance.

(x.2) The fixed fee referred to in (2) shall be payable monthly and calculated as follows:

$$(A \times B) / 12$$

Where,

A = a percentage, expressed as a per annum rate, based on market comparable fees determined by the Financial Services Manager charged by service providers for similar services, and

B = the average of the opening and closing balances of the aggregate principal amount of outstanding funding obligations issued by all financing entities in the previous calendar month.

(x.3) The variable fee referred to in (2) shall be calculated as the sum of the amounts calculated, using the following formula, for all tranches of funding obligations issued by all financing entities in the relevant year:

$$(A \times (B - C)) \times D$$

Where,

A = the principal amount of the applicable tranche of incremental annual funding obligations,

B = the forecast interest rate for the applicable tranche of incremental annual funding obligations, as determined by the Financial Services Manager on or before the end of the calendar year prior to the calendar year in which the fee is being determined and based on the term of the applicable tranche of incremental annual funding obligations,

C = the actual interest rate for the applicable tranche of incremental annual funding obligations,

D = 5%

(3) The variable fee payable for any calendar year shall not be:

1. more than 1% of (D × the incremental annual funding obligations), or

2. less than -1% of (D × the incremental annual funding obligations).

(3.x) If the variable fee is a negative amount, such amount shall be deducted from the fixed fee payable in the following calendar year in twelve equal monthly instalments.

Board approval of fees, subs. 19 (4) of the Act

11xx. (1) The Financial Services Manager shall submit its proposed fees, together with the methodology used for determining its proposed fees, to the Board for approval no later than August 31, 2017. ***[NTD: Need to determine how to deal with the 1st fee. Understand that OPG is proposing a fixed fee for this year. OPG: There will not be a variable fee for the 1st year.]***

(2) The Board may approve the fees proposed under (1) and the methodology used to determine those fees or it may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

(3) The Financial Services Manager may from time to time, but not more than once in any 12 month period, submit proposed amendments to the approved methodology for determining fees, together with its proposed fees based on such proposed amendments, to the Board and the Board may approve the proposed amendments and the proposed fees or may refer the proposal back to the Financial Services Manager for further consideration with the Board's recommendations.

(4) If the Financial Services Manager submits proposed amendments to its approved methodology for determining fees, the proposed amendments together with the proposed fees based on such proposed amendments shall be submitted to the Board for approval no later than 120 days before the Financial Services Manager intends for the fees, determined on the basis of the amended methodology, to commence being charged.

(5) Section 10 applies with such modifications as the context may require to any application by the Financial Services Manager for approval to amend the approved methodology for determining fees and for approval of the resulting fees.

(6) The Financial Services Manager may annually establish and charge fees to financing entities in accordance with the methodology approved by the Board under (2) or (3), as applicable, and such fees shall be deemed to have been approved by the Board for purposes of subsection 19(4) of the Act provided that, in each year where the Financial Services Manager establishes and charges fees that are deemed to have been approved under this subsection, the Financial Services Manager shall submit to the Board, for information purposes, a report setting out the fees that have been established for the year and demonstrating that the approved methodology has been appropriately applied.

(7) When the Financial Services Manager submits its proposed fees and methodology under (1), or its proposed amendments to the approved methodology and resulting proposed fees under (3), the Financial Services Manager shall provide the Board with the following:

1. The methodology that the Financial Services Manager has used to calculate its fixed and variable fees.

2. The methodology that the Financial Services Manager has used to benchmark the market comparable fees charged by service providers for similar services.

3. The identity of the financing entities that are liable to pay the proposed fees.

4. Such other information as the Board may require.

(x.1) Fees established by the Financial Services Manager and approved by the Board shall be included in the definition of “expenses” for the purposes of determining finance amounts under the Act.

Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

From: Gavin He
To: John Kim
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 11:11:41 AM

Hi John,

Is Ron signing the MOU?

Regards,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Thursday, November 23, 2017 10:40 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin.

One administrative question- who will be signing the MOU on OFA's behalf? We plan on having our ADM sign-off, but want to make sure we're on the same page.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-22-17 10:23 AM
To: Young, Graham (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

We are currently reviewing the MOU and briefing up the senior management team. Hopefully we will get back to you on this today.

Also, I have also reached out to the Settlements team here to see if there are any additional documents they need for this, and I will get back to you once I hear back from them.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]

Sent: Wednesday, November 22, 2017 10:18 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Are there any additional documents that OFA Settlements may need on a monthly basis e.g., a payment request memo? This was raised by Corporate given their experience on some other files.

Thank you
Graham

From: Young, Graham (ENERGY)
Sent: November-21-17 4:15 PM
To: 'Gavin He'
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from Corporate on page 5.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable

- Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
  OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Gavin He
To:	John Kim
Subject:	FW: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Tuesday, November 21, 2017 8:34:22 AM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v10 ENERGY edits Nov 20(OFA Legal).docx

Hi John,

Ken has reviewed the MOU and provided his feedback. The major comment from him is the proposed paragraph concerning conflicts between the MOU and the MSA. I do agree that those conflicts should be resolved between Energy and OPG prior to OFA.

Please let me know if you are good with this. I can share the comments with Energy if you like.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Monday, November 20, 2017 6:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin

My comments are attached.

As I have noted my view is that the OFA can not agree to the proposed paragraph concerning conflicts between the MOU and the MSA. If MoE has concerns about specific issues where conflict may arise they should be addressed directly. As an example if the MSA called for a payment schedule which the OFA can not meet the OFA could not agree that the MOU be subject to those provisions of the MSA.

Ken

From: Gavin He
Sent: Monday, November 20, 2017 4:18 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Energy provided the feedback on the MOU. Could you please take a look and let me know if you have any concerns?

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM

To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
   - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
     OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by ~~the~~ Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

Commented [TS(1]: The Master Share Subscription agreement doesn't specify that the equity injections would go to fund "subordinated debt." I understand there is another agreement between OFA and OPG on this issue. Do we need to be specific here?

Commented [KR2]: This recital does not specifically reference the MSA. The fact that there is an agreement separate from the MSA for this obligation does not affect the recital.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) tTransacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) mMaking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by the Minister Energy or a delegate ~~Energy~~ **~~[insert appropriate MoE official]~~**, and
   b. a clear and legible electronic copy of a certificate (the "Certificate" ~~confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. ~~(the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this

Commented [TS(3]: I believe this is defining the certificate in this section, and not the subscription payment.

Formatted: Font: (Default) Arial

Commented [Kamala4]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

~~c)~~ As of the date of this MOU the Ministry's contact persons are~~is~~:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: ~~-~~shruti.talwar@ontario.ca

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca

~~d)~~c) Either party may designate a different member of its staff as its contact person by providing thirty (30) ~~-notice~~days notice ~~-~~to the other party in accordance with section 7.

8) Notice

a) ~~Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.~~Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

~~a)~~

~~b)~~ In the case of the OFA~~:, the addresses for notice are:~~
~~Hand Delivery:~~
b) Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Ministry~~:, the addresses for notice are:~~
~~Hand Delivery:~~
Ministry of Energy

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: shruti.talwar@ontario.ca

Commented [SK(5]: Include the following:

Name:
Title:
Address:

Formatted: Indent: Left: 0.5", Space After: 10 pt, No bullets or numbering

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Normal

Formatted: Tab stops: 1.67", Left

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Field Code Changed

Formatted: Font: 11 pt

Formatted: Indent: Left: 0.75", No bullets or numbering

Formatted: Font: 12 pt

Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

Formatted: Font: (Default) Arial, 12 pt

Formatted: Font: (Default) Arial, 12 pt, No underline

Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, … + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

Formatted: Font: (Default) Arial, 12 pt

Formatted: Font: 12 pt

Commented [SK(6]: I'm assuming the contact person under section 7 will be the same contact person set out here.

Commented [TS(7R6]: To be confirmed with Corporate/OFA

Formatted: Indent: Left: 0.75"

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca

~~XXXX~~
~~XXXX~~
~~XXXX~~

~~**Conflict between MOU and Master Share Subscription Agreement**~~

~~In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.~~

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

Formatted: Indent: Left: 0.75"

Formatted: Indent: Left: 0.25"

Formatted: Font: Bold

Formatted: Indent: Left: 0.25", No bullets or numbering

Formatted: Font: 11 pt

Formatted: Font: 11 pt

Commented [KR8]: My view is that the OFA can not agree to be bound by the terms of the Master Subscription Agreement to which it is not a party. The OFA must have certainty about its responsibilities. The MOU must set out the OFA's specific responsibilities. Any possible conflicts between the MOU and the MSA should be resolved before the MOU is executed. If issues arise in future it will be necessary to address them at that time.

Formatted: Font: 11 pt

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Indent: Left: 0", Space After: 0 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt, Not Bold
Formatted: Font: 11 pt

From: Gavin He
To: Ken Kandeepan; Mike Manning
Cc: John Kim; Kenneth Russell
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Tuesday, November 14, 2017 9:04:17 AM
Attachments: OFA - MoE MOU Fair Hydro Plan_v9(OFA Legal).docx
FAA section 11.4 Certificate Form_Draft(v3).docx

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "~~Minister~~Ministry")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The ~~Minister~~Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The ~~Minister~~Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the ~~Minister~~Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the

"Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the ~~Minister~~Ministry.

8. The ~~Minister~~Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The ~~Minister~~Ministry has advised the OFA that the ~~Minister~~Ministry is required to make the Subscription Payments within [*] business days of the receipt by the ~~Minister~~Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The ~~Minister~~Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the ~~Minister~~Ministry and the OFA has agreed to make the Subscription Payments on behalf of the ~~Minister~~Ministry.

11. The ~~Minister~~Ministry and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The ~~Minister~~Ministry and the OFA agree as follows:

1) Payment Authorization

a) The ~~Minister~~Ministry authorizes the OFA to make the Subscription Payments on behalf of the ~~Minister~~Ministry and the OFA agrees to make the Payments on behalf of the ~~Minister~~Ministry.

~~b) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is completed, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made to OPG.~~

~~c)~~b) It is agreed by the ~~Minister~~Ministry and the OFA that the OFA is acting as an agent, on behalf of the ~~Minister~~Ministry, for the purposes of

i) Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the ~~Minister~~Ministry in respect of the Fair Hydro Plan, and

ii) Making the required Subscription Payments on behalf of the ~~Minister~~Ministry as further described in this MOU.

2) Payment Process

a) The ~~Minister~~Ministry will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the ~~Minister~~Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The ~~Minister~~Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date:

a. a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]**, and

~~b)~~b. a certificate confirming that ~~at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that~~ there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment (the "Certificate"). The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the ~~Minister~~Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the ~~Minister~~Ministry if the ~~Minister~~Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined ~~Minister~~Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the ~~Minister~~Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the ~~Minister~~Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments;

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted

Formatted: Font: Not Italic

monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The ~~Minister~~Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the ~~Minister~~Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the ~~Minister~~Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the ~~Minister~~Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the ~~Minister~~Ministry's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8) Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the ~~Minister~~Ministry, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.

2. The Speaker of the Assembly.

3. The Auditor General.

4. The Chief Electoral Officer.

5. A person authorized by the Management Board of Cabinet.

6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of OPG

Formatted: Centered

Formatted: Centered

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

~~FAA SECTION 11.4 (1)(C)~~ CERTIFICATE

Ministry of Energy Subscription for Class A Shares of OPG

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person ~~authorised~~ authorized by either of them under FAA s. 11.4]** hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and

ii) OPG is ~~eligible for or~~ entitled to the Subscription Payment.

Dated:

_____

name:

title:

DRAFT

Formatted: Indent: First line: 0"

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 1"

Formatted: Font: (Default) Times New Roman, 12 pt

From: John Kim
To: John Kim
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Monday, December 04, 2017 9:48:37 AM
Attachments: OFA - MoE MOU Fair Hydro Plan_v14 ENERGY Dec 01_CEFD.DOCX
OFA - MoE MOU Fair Hydro Plan_v14 ENERGY Dec 01_CEFD_Clean.docx

---

From: Gavin He
Sent: Friday, December 01, 2017 4:09 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

We have landed on the final version of the MOU between OFA and ENERGY. It has been reviewed by OFA Legal, FTD, and CMD. Please let me know if you are good with this.

Here's a summary of the key changes since the last version you saw:

1. A new schedule (Schedule C) was added at the end of the document, as a confirmation of payment authorisation from ENERGY. Section 2) Payment Process was updated to add reference to schedule C as well.
2. Removed the word "subordinate" in paragraph 4 to be consistent with the Master Share Subscription Agreement executed between OPG and ENERGY. OFA Legal is good with this change too.
3. Added a definition of business day and number of days allowed to complete the payment, consistent with the MSA.
4. Added an acknowledgement of possible future changes to the wire transfer instruction.
5. For section 7 & 8, ENERGY decided to keep the names and contacts information, so we reserved the edits.

ENERGY will move forward with the sign-off from their ADM first and send the original to us. I will put together a blue sheet package with the required signatures once I receive the original.

Please let me know if you have any questions.

Thanks,
Gavin He

From: Ronald Kwan
Sent: Friday, November 24, 2017 12:06 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. Makes sense to me too.

Ron

From: Gavin He
Sent: November-24-17 10:24
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

ENERGY just told me that their CAO suggested we remove the names in the contact section of the MOU – essentially only referring to the contacts by title. This will eliminate updates when the contacts change. FTD and OFA Legal are good with that suggestion. ENERGY will send me an updated version of the MOU and I will share that with you once I have it.

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 11:43 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin.

Sure, please send to Energy and put together the approval package.

Ron

From: Gavin He
Sent: November-23-17 5:17 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

FTD, CMD and OFA Legal have confirmed that they are fine with the attached version. In addition, I

have attached a clean copy for your review and approval. I can start putting together the approval package.

Are you good with the clean version going back to ENERGY so that they can start their approval process?

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,

Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.

I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.

Could you please review the attached MOU and let us know if you have any concerns/comments?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>

Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated

wire transfer information from OPG and adding it as a separate schedule is a good idea.

2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: ~~November~~ **December** **, 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, ~~T~~the Legislative Assembly of Ontario ~~Government of Ontario~~ enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act ~~(the "Regulations")~~ provide~~s~~ the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's ~~subordinated~~ debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.~~.~~

6. In accordance with the Equity Injection Plan, ~~T~~the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") ~~in the form consistent with that provided for in Schedule A to this Memorandum of Understanding (the "MOU"),~~ setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount"), ~~consistent with the requisite approval for the appropriations, which have already been obtained and any future appropriations approvals processes to be obtained.~~ .

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within ~~[*]~~ five (5) ~~business~~ Business ~~days~~ Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Commented [GH1]: Schedule A is a s.11.4 FAA Certificate, not a share subscription form.

Commented [GH2]: What's the purpose of this sentence?

Commented [KR3]: I agree. This statement is not relevant for the purposes of the MOU.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three ~~business~~ Business ~~days~~ Days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved ~~for payment~~ by the Minister of Energy or authorized delegate; ~~and~~

b. a clear and legible electronic copy of a certificate ~~(the "Certificate")~~, in the form attached as Schedule A to this MOU (the "Certificate"), ~~-~~confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under s~~S~~ection 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and~~. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.~~, and

c. a clear and legible electronic copy of a ~~P~~payment ~~A~~authorizs~~s~~ation approved by the Deputy Minister of Energy or authorized delegate in the form attached as ~~(~~Schedule C~~)~~ to this MOU (the "Payment Authorization"). ~~Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.~~

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

~~c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.~~

Formatted: Indent: Left: 0.5", No bullets or numbering

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry ~~-~~account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments ~~is~~ shall be as set out in ~~attached as~~ Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
c. authorizations under ~~S~~section 11.4 (2) 1. of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted

by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Commented [SK(4]: Should Ken be included in section 7?

Commented [GH5R4]: Added to section 7.

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription ~~form~~ dated **[date]** (the "Share Subscription ~~Form~~") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription ~~Form~~ requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (~~Authorised person of Ministry of Energy~~Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) ~~to cover~~as ~~payment as~~ consideration for the subscription for ~~of~~ [number] Class A ~~s~~Shares of OPG.

Commented [SK(6]: I recommend setting out here how many shares are to be purchased with each authorization.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **December , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, the Legislative Assembly of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act provide the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.

6. In accordance with the Equity Injection Plan, the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within five (5) Business Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three Business Days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic copy of each Share Subscription executed and approved by the Minister of Energy or authorized delegate;
   b. a clear and legible electronic copy of a certificate, in the form attached as Schedule A to this MOU (the "Certificate"), confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and
   c. a clear and legible electronic copy of a payment authorization approved by the Deputy Minister of Energy or authorized delegate in the form attached as Schedule C to this MOU (the "Payment Authorization").

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments shall be as set out in Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

   a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
   b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
   c. authorizations under section 11.4 (2) 1 of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **[date]** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) as consideration for the subscription for [number] Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From: John Kim
To: Ronald Kwan
Subject: FW: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 12:07:39 PM

Fyi, I will organize an internal MOF/OFA discussion.

John

-----Original Message-----
From: John Kim
Sent: Monday, July 17, 2017 12:06 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Sure, I will set it up and I have a few questions around the delegated operational role.

John

-----Original Message-----
From: Kenneth Russell
Sent: Monday, July 17, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Re: OFHP - Business Issue next steps

John

It seems to me that if the OFA was to take on delegated operational responsibility it would in effect have responsibility under the MSA and an argument would exist that it should be a party.

My view is that we should have an internal discussion about the role of the OFA before speaking to MoE.

Ken

Sent from my iPhone

> On Jul 17, 2017, at 11:54 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> I would be happy if a reach out to Energy Legal is made.
>
> Even if a delegated operational role is taken on, I wasn't sure why the OFA would need to be a party to the MSA but would help to hear Energy Legal's perspective.
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: Monday, July 17, 2017 11:52 AM
> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: Re: OFHP - Business Issue next steps
>

> I agree that a discussion would be useful.
>
> It seems to me that the first thing to clarify is the role of the OFA. Is the OFA to simply provide financial services or is it prepared to take on a delegated operational role? My view is that for the OFA to take on an operational role some significant issues would have to be addressed.
>
> Ken
>
>
>
> Sent from my iPhone
>
>> On Jul 17, 2017, at 11:25 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>>
>> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>>
>>
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca
>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>>
>> _____
>> From: John Kim [John.Kim@ofina.on.ca]
>> Sent: Monday, July 17, 2017 11:23 AM
>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks for the follow up. I got sidetracked on a few things.
>>
>> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>>
>> John
>>
>> -----Original Message-----
>> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
>> Sent: Monday, July 17, 2017 11:18 AM
>> To: John Kim <John.Kim@ofina.on.ca>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
>> Subject: RE: OFHP - Business Issue next steps
>>

>> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>>
>> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>>
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>> _____
>> From: Montgomery, Kaitlin (MOF)
>> Sent: Friday, July 14, 2017 10:42 AM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi - There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document- ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>>
>> Happy to discuss,
>> Kaitlin
>> 6.6343
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: July 11, 2017 2:49 PM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>>
>>
>> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
>>
>> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>>
>> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>>
>> Thanks,

>> Kaitlin
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 11, 2017 2:16 PM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Kaitlin,
>>
>> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>>
>> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>>
>> Happy to discuss.
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Friday, July 07, 2017 3:34 PM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>>
>> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
>>
>> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>>
>> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>>
>> Happy to discuss,
>> Kaitlin
>> 416.326.6343
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 7, 2017 3:12 PM
>> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)

>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Malle,
>>
>> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>>
>> Looping Kaitlin in as she has been in contact with OPG on this one.
>>
>> Thanks,
>>
>> John
>>
>> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>> Sent: Thursday, July 06, 2017 10:04 AM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>
>> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>>
>> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>>
>> Thank you.
>>
>> Malle
>>
>> From: Hanslep, Malle (MOF)
>> Sent: July 5, 2017 9:57 AM
>> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>
>> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>>
>> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
>>
>> The commitments in section 1 seem very broad and open-ended - The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>>
>> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

>>
>> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>>
>> Thanks.
>>
>> Malle
>>
>>
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 4, 2017 1:48 PM
>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Hanslep, Malle (MOF)
>> Subject: FW: OFHP - Business Issue next steps
>>
>> Hi Toby,
>>
>> Just wanted to get something going with an introductory email and to provide you with some context.
>>
>> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>>
>> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
>>
>> Happy to discuss.
>>
>> Thanks,
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 28, 2017 9:55 AM
>> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
>> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>>
>> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>>
>> Kaitlin
>>
>> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
>> Sent: June 24, 2017 11:45 AM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Kim, John (OFA); Manning, Mike (OFA)
>> Subject: RE: OFHP - Business Issue next steps
>>

>> Hi Kaitlin
>>
>> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
>>
>> Thanks
>>
>> Ken k
>> From
>> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 21, 2017 2:27 PM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
>>
>> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?
>>
>> Thanks,
>> Kaitlin
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: June 5, 2017 3:55 PM
>> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
>> Subject: OFHP - Business Issue next steps
>>
>> Hi everyone,
>>
>> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>>
>>
>> 1. Equity Injection Mechanics (draft term sheet attached)
>>
>> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>>
>> 2. Performance Fee Recommendation (OPG recommended approach attached)
>>
>> a. If comfortable, OPG would assist ENE in developing regulation language
>>
>> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>>

>> Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?
>>
>> Thanks in advance,
>> Kaitlin
>>
>>
>>
>> _____
>>
>> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Bruno Amara; Salman Qadir
Cc:	Shajee Kathirgamanathan; Gavin He
Subject:	FW: OFHP - Business Issue next steps
Date:	Monday, June 05, 2017 4:04:46 PM
Attachments:	Term Sheet_Master Subscription_draft June 5.docx Financing Trust - Performance Fee Recommendation.doc

Pls. take a look…..can't seem to open the second attachment.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, June 05, 2017 3:55 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA ~~and~~ OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA~~/Province~~ to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   ~~a.~~
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   ~~[describe annual process]~~ Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process

Formatted: Indent: Left: 2", No bullets or numbering

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

From: Kenneth Russell
To: Sarah Neville; John Kim
Subject: FW: OFHP - Business Issue next steps
Date: Friday, July 14, 2017 11:57:54 AM

Sarah and John

Has Gadi signed off on this?

My most significant concern with the draft master subscription agreement is its lack of specificity.

In Section 1.1 the Minister of Energy commits to fund 44% of the total financing required by the Fair Hydro Trust. At this point there is no provision in the agreement to establish how that amount is determined. Section 2. of the draft agreement provides only that the monthly subscription amount will be determined by OPG and based on supporting information provided by OPG to be set out in as yet undrafted attachments to the agreement.

Section 11.4 (1)(c) of the Financial Administration Act requires that a certificate be issued confirming that OPG is entitled to or eligible for the payment. My understanding of the current practice of the OFA as reflected in the NIER MOU is to require that this certificate be provided by the Ministry in question. The proposal that the OFA be a party to the master subscription agreement suggests that authorisation would have to be obtained under section 11.2 of the FAA for OFA personnel to issue the certificate. Is that desired?

My initial view is that the provision of the certificate that OPG is entitled to the payment would require a determination that the amount is correct. The current draft of the master subscription agreement does not provide a basis for making that determination. The attachments to the agreement are intended to provide supporting information for the calculation. Further comments on this issue can be made once drafts of these attachments are prepared.

Ken

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>

Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Sarah Neville
To:	Kenneth Russell; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Bruno Amara; John Kim
Subject:	FW: OFHP - Business Issue next steps
Date:	Tuesday, July 11, 2017 2:26:52 PM
Attachments:	Term Sheet_Master Subscription_draft June 13.docx

Hello –

My strong preference and recommendation is that the OFA not be a party to the Subscription Agreement and that its role as cash flow facilitator/service provider along with a clear delineation of the authorities under which the OFA is acting be established in a separate MOU with Energy (e.g. the term sheet contemplates that a completed/signed subscription form will be provided to OPG from the OFA, is the OFA receiving the subscription form from Energy or is it anticipated that OFA will be executing the form on behalf of Energy? If so, what is the source of the authority for Energy to sign and how is it anticipated that MOE's authority will be delegated to the OFA? The term sheet provides that OFA will receive a share certificate confirming issuance of shares/update of share register sent to OFA and Energy. Why is the OFA receiving this? Is it anticipated that the OFA will have some on-going responsibility/role in respect of the shares/due diligence in ensuring that the shares are issued in exchange for the funds or maintaining records in respect of these transactions beyond flowing the "equity injection" and receiving a receipt?).

I think the arrangement and documentation needs to be clear that OFA is not providing services to OPG as a function of this arrangement (and OPG is not a public body, so OFA cannot provide services to OPG).

If there is a desire for OPG to be aware of the obligations and procedures established in arrangement between the OFA and Energy, the MOU can be attached as a schedule to the Subscription Agreement and the Ministry of Energy can undertake in the Subscription Agreement not to change or amend the MOU without prior written notice to OPG.

Happy to discuss further if there is more context/detail as to what the OFA's role is that I am not aware of beyond the term sheet.

Thanks very much,

Sarah

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>

Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a “service” type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal’s input so I will send this to Sarah Neville for her review too if that’s ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)

Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would

develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   a.
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   [describe annual process]- Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

Formatted: Indent: Left: 2", No bullets or numbering

Commented [KC1]: Technically appropriation authority doesn't come into effect until the Budget passes. In the event of a post-March 31 Budget, we would need to seek a temporary allocation from OPCD until the budget is approved. Is this handled differently on the loan side at OFA?

From:	Ken Kandeepan
To:	Opal Kandelas; John Psinas; George Sakura; Risa Thau; John Kim; Alfonso Soriano
Cc:	Mike Manning; Carlos Yep
Subject:	FW: OFHP - Business Issue next steps
Date:	Sunday, July 09, 2017 11:38:34 AM
Attachments:	Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX

I went through this quickly and I don't have any comments; I believe that the actual transfer of funds to OPG for the equity injection will be governed by a SLA between OFA and the Ministry of Energy and we of course need to review that carefully. However, I would like you take a quick look and let me know if you have any comments.

Thanks

Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, July 06, 2017 9:12 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

As mentioned yesterday – this is a draft of the Master Subscription Agreement.

Please let me know if you have any suggested edits.

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 28, 2017 9:55 AM
To: Kandeepan, Ken (OFA)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)

Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would

develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

DRAFT: JUNE 22, 2017

MASTER SHARE SUBSCRIPTION AGREEMENT

among

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

- and -

ONTARIO FINANCING AUTHORITY

Dated as of ■, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions
Exhibit E	--	Share Redemption Process

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ■, 2017.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Minister**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

- and -

ONTARIO FINANCING AUTHORITY, a [ ]

(the "**OFA**")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Fair Hydro Trust") **[NTD: use "Financing Entity"??].**

3. The Fair Hydro Trust will acquire the Assets monthly from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG [will amend] [has amended] its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Minister will subscribe for Class A Shares monthly in accordance with the process set forth in this Agreement and OPG will in turn invest these amounts in subordinated debt of the Fair Hydro Trust.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Fair Hydro Trust subordinated debt or other purposes as may be approved by the OPG board of directors.

7. The Minister and the OFA have entered into a service level agreement (the "SLA") which provides the OFA with authority to provide cash management services to facilitate the share purchases on an ongoing basis on behalf of the Minister.

8. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Minister commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the equity received from the Minister solely to lend as subordinated debt to the Fair Hydro Trust to fund the Fair Hydro Trust's obligations under the [Master Sale and Servicing Agreement][**NTD: confirm name]** between the IESO and the Fair Hydro Trust, and the Act and Regulations.

2. Monthly Share Subscription Process

2.1 The Minister, through the OFA, will subscribe for and purchase Class A Shares from OPG monthly, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Each month, coincident with the asset acquisition to be made by the Fair Hydro Trust from the IESO under the [Master Sale and Servicing Agreement], OPG will provide notice to the Minister and the OFA of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Minister. This notice will be in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees:

(i) that the value of the monthly equity injection/share subscription amount will reflect the monthly funding requirements of the Fair Hydro Trust acquisitions under the [Master Sale and Servicing Agreement],; and

(ii) Class A Shares will be issued to the Minister at a value per share equal to their book value as determined from OPG's last approved quarterly financial statements. **[NTD: do we need any more specificity here?]**

2.4 Within [five] Business Days of receipt of the notice and supporting information described in paragraph 2.2, the OFA will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Minister and the OFA, in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Minister.

2.6 The first equity injection/share subscription will occur [August x 2017] (the "Initial Equity Injection"). Equity injections will continue monthly so long as the Fair Hydro Trust is purchasing assets and incurring debt obligations, including subordinated debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Shareholder in accordance with the Memorandum of Agreement between the Minister and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation. **[NTD: any more specificity required?]**

3.3 The OFA and the Minister confirm that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Shareholder as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Minister will update the appropriations for the upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.**[NTD: clarify that purpose of this clause is to confirm Energy will seek out and obtain required appropriations]**

4. Share Redemption Process

5.1 The Minister and OPG agree to set out the required process for any future redemption by OPG of outstanding Class A Shares in an appendix to this Agreement and attach it as Exhibit E. Exhibit E will be finalized before the first share redemption [and in any case no later than [90] Business Days before the effective date of such redemption].**[NTD: confirm if need timeframe]**

6. Miscellaneous

6.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

■

in the case of the OFA:

■

in the case of OPG:

Ontario Power Generation Inc.
700 University Avenue

Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

and

Attention: ■
Email: ■

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

6.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO FINANCING AUTHORITY

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

[NTD: TBD what will support monthly equity injection calculation; for example Transfer Notice? Invoice?]

Exhibit C

FORM OF RECEIPT/OFFICER'S CERTIFICATE

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

EXHIBIT E

SHARE REDEMPTION PROCESS

TBD

From: Montgomery, Kaitlin (MOF)
To: John Kim
Subject: FW: OFHP - Business Issue next steps
Date: Wednesday, July 05, 2017 11:13:37 AM
Attachments: Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX

This what you're looking for?

I sent to Ken/Mike/you last week but also sent it to Bruno afterwards as I noticed you were out of the office.

ENE legal is reviewing as well but they've been tied up on the fee discussion so I haven't got comments back.

Happy to take any edits you have on it.

Is MOF legal able to develop the service level agreement between ene/ofa? More of an internal matter so probably less priority but would be good to get that moving through the system.

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 28, 2017 9:55 AM
To: Kandeepan, Ken (OFA)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA

will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE

legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

DRAFT: JUNE 22, 2017

MASTER SHARE SUBSCRIPTION AGREEMENT

among

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

- and -

ONTARIO FINANCING AUTHORITY

Dated as of ■, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions
Exhibit E	--	Share Redemption Process

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ■, 2017.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Minister**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

- and -

ONTARIO FINANCING AUTHORITY, a [ ]

(the "**OFA**")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Fair Hydro Trust") **[NTD: use "Financing Entity"??].**

3. The Fair Hydro Trust will acquire the Assets monthly from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG [will amend] [has amended] its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Minister will subscribe for Class A Shares monthly in accordance with the process set forth in this Agreement and OPG will in turn invest these amounts in subordinated debt of the Fair Hydro Trust.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Fair Hydro Trust subordinated debt or other purposes as may be approved by the OPG board of directors.

7. The Minister and the OFA have entered into a service level agreement (the "SLA") which provides the OFA with authority to provide cash management services to facilitate the share purchases on an ongoing basis on behalf of the Minister.

8. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Minister commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the equity received from the Minister solely to lend as subordinated debt to the Fair Hydro Trust to fund the Fair Hydro Trust's obligations under the [Master Sale and Servicing Agreement][**NTD: confirm name]** between the IESO and the Fair Hydro Trust, and the Act and Regulations.

2. Monthly Share Subscription Process

2.1 The Minister, through the OFA, will subscribe for and purchase Class A Shares from OPG monthly, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Each month, coincident with the asset acquisition to be made by the Fair Hydro Trust from the IESO under the [Master Sale and Servicing Agreement], OPG will provide notice to the Minister and the OFA of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Minister. This notice will be in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees:

(i) that the value of the monthly equity injection/share subscription amount will reflect the monthly funding requirements of the Fair Hydro Trust acquisitions under the [Master Sale and Servicing Agreement],; and

(ii) Class A Shares will be issued to the Minister at a value per share equal to their book value as determined from OPG's last approved quarterly financial statements. **[NTD: do we need any more specificity here?]**

2.4 Within [five] Business Days of receipt of the notice and supporting information described in paragraph 2.2, the OFA will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Minister and the OFA, in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Minister.

2.6 The first equity injection/share subscription will occur [August x 2017] (the "Initial Equity Injection"). Equity injections will continue monthly so long as the Fair Hydro Trust is purchasing assets and incurring debt obligations, including subordinated debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Shareholder in accordance with the Memorandum of Agreement between the Minister and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation. **[NTD: any more specificity required?]**

3.3 The OFA and the Minister confirm that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Shareholder as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Minister will update the appropriations for the upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.**[NTD: clarify that purpose of this clause is to confirm Energy will seek out and obtain required appropriations]**

4. Share Redemption Process

5.1 The Minister and OPG agree to set out the required process for any future redemption by OPG of outstanding Class A Shares in an appendix to this Agreement and attach it as Exhibit E. Exhibit E will be finalized before the first share redemption [and in any case no later than [90] Business Days before the effective date of such redemption].**[NTD: confirm if need timeframe]**

6. Miscellaneous

6.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

■

in the case of the OFA:

■

in the case of OPG:

Ontario Power Generation Inc.
700 University Avenue

Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

and

Attention: ■
Email: ■

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

6.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO FINANCING AUTHORITY

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

[NTD: TBD what will support monthly equity injection calculation; for example Transfer Notice? Invoice?]

Exhibit C

FORM OF RECEIPT/OFFICER'S CERTIFICATE

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

EXHIBIT E

SHARE REDEMPTION PROCESS

TBD

From:	John Kim
To:	Tobias P. Whitfield (MOF)
Cc:	Bruno Amara; Malle Hanslep (MOF)
Subject:	FW: OFHP - Business Issue next steps
Date:	Tuesday, July 04, 2017 1:47:53 PM
Attachments:	Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX OFA MOU NIER Payments ongoing program DRAFT - Legal Review - March 31 2017 v2.docx

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM

To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

DRAFT: JUNE 22, 2017

MASTER SHARE SUBSCRIPTION AGREEMENT

among

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

- and -

ONTARIO FINANCING AUTHORITY

Dated as of ■, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions
Exhibit E	--	Share Redemption Process

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ■, 2017.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Minister**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

- and -

ONTARIO FINANCING AUTHORITY, a [ ]

(the "**OFA**")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Fair Hydro Trust") **[NTD: use "Financing Entity"??].**

3. The Fair Hydro Trust will acquire the Assets monthly from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG [will amend] [has amended] its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Minister will subscribe for Class A Shares monthly in accordance with the process set forth in this Agreement and OPG will in turn invest these amounts in subordinated debt of the Fair Hydro Trust.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Fair Hydro Trust subordinated debt or other purposes as may be approved by the OPG board of directors.

7. The Minister and the OFA have entered into a service level agreement (the "SLA") which provides the OFA with authority to provide cash management services to facilitate the share purchases on an ongoing basis on behalf of the Minister.

8. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Minister commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the equity received from the Minister solely to lend as subordinated debt to the Fair Hydro Trust to fund the Fair Hydro Trust's obligations under the [Master Sale and Servicing Agreement][**NTD: confirm name]** between the IESO and the Fair Hydro Trust, and the Act and Regulations.

2. Monthly Share Subscription Process

2.1 The Minister, through the OFA, will subscribe for and purchase Class A Shares from OPG monthly, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Each month, coincident with the asset acquisition to be made by the Fair Hydro Trust from the IESO under the [Master Sale and Servicing Agreement], OPG will provide notice to the Minister and the OFA of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Minister. This notice will be in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees:

(i) that the value of the monthly equity injection/share subscription amount will reflect the monthly funding requirements of the Fair Hydro Trust acquisitions under the [Master Sale and Servicing Agreement],; and

(ii) Class A Shares will be issued to the Minister at a value per share equal to their book value as determined from OPG's last approved quarterly financial statements. **[NTD: do we need any more specificity here?]**

2.4 Within [five] Business Days of receipt of the notice and supporting information described in paragraph 2.2, the OFA will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Minister and the OFA, in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Minister.

2.6 The first equity injection/share subscription will occur [August x 2017] (the "Initial Equity Injection"). Equity injections will continue monthly so long as the Fair Hydro Trust is purchasing assets and incurring debt obligations, including subordinated debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Shareholder in accordance with the Memorandum of Agreement between the Minister and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation. **[NTD: any more specificity required?]**

3.3 The OFA and the Minister confirm that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Shareholder as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Minister will update the appropriations for the upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.**[NTD: clarify that purpose of this clause is to confirm Energy will seek out and obtain required appropriations]**

4. Share Redemption Process

5.1 The Minister and OPG agree to set out the required process for any future redemption by OPG of outstanding Class A Shares in an appendix to this Agreement and attach it as Exhibit E. Exhibit E will be finalized before the first share redemption [and in any case no later than [90] Business Days before the effective date of such redemption].**[NTD: confirm if need timeframe]**

6. Miscellaneous

6.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

■

in the case of the OFA:

■

in the case of OPG:

Ontario Power Generation Inc.
700 University Avenue

Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

and

Attention: ■
Email: ■

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

6.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO FINANCING AUTHORITY

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

[NTD: TBD what will support monthly equity injection calculation; for example Transfer Notice? Invoice?]

Exhibit C

FORM OF RECEIPT/OFFICER'S CERTIFICATE

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

EXHIBIT E

SHARE REDEMPTION PROCESS

TBD

Memorandum of Understanding
Relating to the
Northern Industrial Electricity Rate Program

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Northern Development and Mines (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The original Northern Industrial Electricity Rate program provided for electricity rebates to qualifying recipients for the period from April 1, 2010 to March 31, 2013 (the "Original NIER Program");

2. In respect of the Original NIER Program the parties hereto entered into a memorandum of understanding as of July 9, 2012 (the "Initial MOU") under which the OFA made payments to the Independent Electricity System Operator (the "IESO") under the original NIER Program on behalf of the Ministry;

3. The Original NIER Program was amended and extended to the period from April 1, 2013 to March 31, 2016 (the "Original Extended NIER Program);

4. The Original Extended NIER Program was further extended by an additional year to March 31, 2017 (the "Extended NIER Program");

5. In respect of the Extended NIER Program the parties hereto entered into a memorandum of understanding ~~as of October 4~~dated August 2, 2016 (the "Extended MOU"), replacing the Initial MOU and under which the OFA made payments to the IESO under the Extended NIER Program on behalf of the Ministry,

6. The Extended NIER Program was effectively continued for an additional five year term from April 1, 2017 to March 31, 2022 (the "Current NIER Program");

7. Pursuant to the Current NIER Program qualified northern Ontario industrial consumers ("Qualified Northern Industrials") are entitled to receive an electricity price rebate of 2 cents per kWh for the term and subject to the terms and conditions of their respective

conditional rebate agreements with the Ministry, which have a period of up to five years, commencing on or after April 1, 2017;

8. This Memorandum of Understanding will apply to funds in respect of the Current NIER program which flow to Qualified Northern Industrials through the IESO in accordance with its regulations and the Market Rules;

9. The Ministry is required to pay amounts to the IESO on account of the Current NIER program (the "Payments") out of amounts appropriated by the Legislature for that purpose ("Appropriated Amount");

10. The Ministry considers it advisable for the OFA to make the Payments on behalf of the Ministry and the OFA has agreed to make the Payments on behalf of the Ministry;

11. The Ministry and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Payments.

12. This MOU shall replace the Extended MOU.

Therefore:

The Ministry and the OFA agree as follows:

1. Payment Authorization

(i) The Ministry authorizes the OFA to make the Payments on behalf of the Ministry and the OFA agrees to make the Payments on behalf of the Ministry.

(ii) The Ministry shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Payments is obtained, and shall provide the OFA with a copy of such certificate.

(iii) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Current NIER Program, and

ii. Making the required Payments on behalf of the Ministry as further described in this MOU.

2. Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each IESO invoice, on the same day the Ministry receives the invoice from the IESO to allow the OFA to begin the procedures for making the Payment.

b) The Ministry will deliver to the OFA a good quality copy of each IESO invoice approved for payment by an Assistant Deputy Minister- either the Current NIER Program head or the Chief Administrative Officer - at least three business days before the IESO invoice payment date. Upon receipt of approved invoices the OFA will make the Payments on behalf of the Ministry, in the amount of the IESO invoices.

c) The OFA shall not be required to make any Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an approved invoice as provided in paragraph b) above.

d) The Payments will be made in accordance with the IESO Market Rules and IESO Manuals for settlements and billing of market participants, as amended from time to time.

e) The Payments will be made from the Consolidated Revenue Fund and the amount of each Payment will be entered by the OFA into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Payment in the amount of the IESO invoice.

b) The OFA will keep and maintain all records related to the Current NIER Program for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to these IESO payments will be performed by the Ministry.

4. Limited Role of the OFA

The OFA will only be responsible for making the Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the IESO invoices; monitoring the IESO's application of the Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

It is acknowledged that the Ministry's agreement with the IESO provides for a penalty to be paid by the Ministry for late payment of an invoice. The OFA will not be liable for any penalty assessed by the IESO for late payment of an invoice, regardless of the circumstances in which the late payment occurred. Any such penalties and any associated costs shall be solely the responsibility of the Ministry

5. Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Payments the OFA will make Payments in respect of approved invoices delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Payments on any approved invoices delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Payments made by OFA will continue to apply with respect to such Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

John Psinas, Senior Manager, Accounting and Financial Reporting
Tel: 416-325-8072
email: John.Psinas@ofina.on.ca

George Sakura, Assistant Manager, Accounting and Financial Reporting
Tel: 416-325-8069
email: george.sakura@ofina.on.ca

IESO invoice and authorization should also be sent to:

George Sakura, Assistant Manager, Accounting and Financial Reporting
Tel: 416-325-8069
email: george.sakura@ofina.on.ca & email: Settlement@ofina.on.ca

c) As of the date of this MOU the Ministry's contact person is:

Richard Scott, Manager, Coordination and Analysis Unit, Northern Development Division
Tel: (705) 564-7522
email: richard.scott@ontario.ca

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Ministry, the addresses for notice are:
Hand Delivery:
Ministry of Northern Development and Mines
159 Cedar Street, 7th Floor
Sudbury, ON P3E 6A5
Attention: Sharon Tansley, Director, Strategic Initiatives Branch
Sharon.Tansley@ontario.ca

9. Replacement of Initial MOU

This MOU which pertains to the Current NIER Program shall replace previous MOU which shall be terminated as of the effective date of this MOU.

10. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Northern Development and Mines

by:_____

name: Helen Mulc

title: Assistant Deputy Minister, Northern Development Division, MNDM

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From:	John Kim
To:	Bruno Amara
Subject:	FW: OFHP - Business Issue next steps
Date:	Wednesday, June 28, 2017 11:04:19 AM
Attachments:	Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX

Pls. have team review.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM

To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

DRAFT: JUNE 22, 2017

MASTER SHARE SUBSCRIPTION AGREEMENT

among

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

- and -

ONTARIO FINANCING AUTHORITY

Dated as of ■, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions
Exhibit E	--	Share Redemption Process

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ■, 2017.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Minister**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

- and -

ONTARIO FINANCING AUTHORITY, a [ ]

(the "**OFA**")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Fair Hydro Trust") **[NTD: use "Financing Entity"??].**

3. The Fair Hydro Trust will acquire the Assets monthly from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG [will amend] [has amended] its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Minister will subscribe for Class A Shares monthly in accordance with the process set forth in this Agreement and OPG will in turn invest these amounts in subordinated debt of the Fair Hydro Trust.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Fair Hydro Trust subordinated debt or other purposes as may be approved by the OPG board of directors.

7. The Minister and the OFA have entered into a service level agreement (the "SLA") which provides the OFA with authority to provide cash management services to facilitate the share purchases on an ongoing basis on behalf of the Minister.

8. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Minister commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the equity received from the Minister solely to lend as subordinated debt to the Fair Hydro Trust to fund the Fair Hydro Trust's obligations under the [Master Sale and Servicing Agreement][**NTD: confirm name]** between the IESO and the Fair Hydro Trust, and the Act and Regulations.

2. Monthly Share Subscription Process

2.1 The Minister, through the OFA, will subscribe for and purchase Class A Shares from OPG monthly, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Each month, coincident with the asset acquisition to be made by the Fair Hydro Trust from the IESO under the [Master Sale and Servicing Agreement], OPG will provide notice to the Minister and the OFA of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Minister. This notice will be in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees:

(i) that the value of the monthly equity injection/share subscription amount will reflect the monthly funding requirements of the Fair Hydro Trust acquisitions under the [Master Sale and Servicing Agreement],; and

(ii) Class A Shares will be issued to the Minister at a value per share equal to their book value as determined from OPG's last approved quarterly financial statements. **[NTD: do we need any more specificity here?]**

2.4 Within [five] Business Days of receipt of the notice and supporting information described in paragraph 2.2, the OFA will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Minister and the OFA, in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Minister.

2.6 The first equity injection/share subscription will occur [August x 2017] (the "Initial Equity Injection"). Equity injections will continue monthly so long as the Fair Hydro Trust is purchasing assets and incurring debt obligations, including subordinated debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Shareholder in accordance with the Memorandum of Agreement between the Minister and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation. **[NTD: any more specificity required?]**

3.3 The OFA and the Minister confirm that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Shareholder as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Minister will update the appropriations for the upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.**[NTD: clarify that purpose of this clause is to confirm Energy will seek out and obtain required appropriations]**

4. Share Redemption Process

5.1 The Minister and OPG agree to set out the required process for any future redemption by OPG of outstanding Class A Shares in an appendix to this Agreement and attach it as Exhibit E. Exhibit E will be finalized before the first share redemption [and in any case no later than [90] Business Days before the effective date of such redemption].**[NTD: confirm if need timeframe]**

6. Miscellaneous

6.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

■

in the case of the OFA:

■

in the case of OPG:

Ontario Power Generation Inc.
700 University Avenue

Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

and

Attention: ■
Email: ■

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

6.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO FINANCING AUTHORITY

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

[NTD: TBD what will support monthly equity injection calculation; for example Transfer Notice? Invoice?]

Exhibit C

FORM OF RECEIPT/OFFICER'S CERTIFICATE

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

EXHIBIT E

SHARE REDEMPTION PROCESS

TBD

From:	John Kim
To:	Bruno Amara
Cc:	Shajee Kathirgamanathan; Salman Qadir; Gavin He
Subject:	FW: OFHP - Business Issue next steps
Date:	Wednesday, June 21, 2017 3:34:12 PM
Attachments:	Term Sheet_Master Subscription_draft June 13.docx

Any concerns?

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE

legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   a.
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   [describe annual process]- Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

Formatted: Indent: Left: 2", No bullets or numbering

Commented [KC1]: Technically appropriation authority doesn't come into effect until the Budget passes. In the event of a post-March 31 Budget, we would need to seek a temporary allocation from OPCD until the budget is approved. Is this handled differently on the loan side at OFA?

From: John Kim
To: Bruno Amara; Salman Qadir; Shajee Kathirgamanathan; Gavin He
Subject: FW: OFHP - Business Issue next steps
Date: Tuesday, June 06, 2017 8:56:14 PM
Attachments: 2017 06 06 Outstanding Business Issues Ontario Fair Hydro Plan - v04.docx

---

Hi,

Could we edit this thing pls? I know we had some comments to the wording (timing, etc).

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: June-06-17 6:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Further to this, attached is an updated business issues note to reflect our conversation on Monday. There will be a few more updates after the guarantee meeting tomorrow but if you could review and provide any edits tomorrow that would be great.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new

updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan

Briefing Note

PURPOSE

Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA have discussed a draft term sheet and the OFA, MOF and Blakes will work together to provide comments
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July.

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - Provincial staff, with OPG's concurrence, recommends minimizing, to the extent possible, the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers.
   - The Province is considering regulation changes to exempt from PILs the income arising to the OPG financing vehicle / OPG as a consequence of the Fair Hydro Plan.
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity.
   - **Next Steps:**
     - The MOF, OFA and OPG are working together to determine required regulation changes.
     - Torys prepared a memo on the item
     - Timing: MOF will be setting up a call with tax policy, OPG and Torys to discuss a memo Torys prepared on the item in the next few days

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**
    - OPG will require equity injections on a monthly basis, to match the timing of the purchase of the IESO regulatory asset, as applicable, in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province.
    - The Ministry of Energy received appropriation for a fiscally-neutral operating asset expenditure of $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT.
    - **Next Steps:**
        - ~~The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process, which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.~~Approval of the draft term sheet (see note).
        - Once term sheet is approved, this will serve as the basis for the Master Subscription Agreement between OPG/ENE and OFA
        - OFA and ENE to develop Service Level Agreement for monthly cash management services
        - Amendment to OPG articles required to facilitate issuance of new class of shares
        - Timing: OPG will require the ability to issue equity in ~~July~~August, so mechanics and agreements should be finalized in ~~June~~July.

4. **Management Fees**
    - OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
    - The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations, which are currently in development.
    - ~~OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements.~~
    - There are two components to the management fee model proposed by OPG:
        - Base fee: the structure will allow OPG to earn a commercial fee, an accounting consolidation requirement, with periodic OEB review of the commercial basis of that fee. OEB and OPG are in discussions in order to develop a model that satisfies the accounting requirements and is consistent with OEB's processes.
        - Performance ~~management~~ fee: OPG has the ability to gain or lose depending on the actual financing cost relative to a benchmark, which would be shared equally between ratepayers and OPG. Gain/loss is capped at 1% of annual incremental issuance amount.
    - **Next Steps:**

- Base fee: OEB to provide comments on OPG's proposed base fee framework.
- Performance Fee: ~~OPG and OEB will bring forward a recommended framework for developing management fees.~~Approval of the draft framework (see note).
- Timing: ~~TBD~~For incorporation into the June 27th regulations

5. **Subordinated Debt Loan Agreement**
   - OPG will lend the equity injection from the Province to the Fair Hydro Trust by way of subordinated debt
   - Based on monthly funding requirements of the GA asset, the Trust will use short term financing and take out bonds once short term funding reaches certain levels
   - OPG and OFA are working on a Debt Loan Arrangement that would establish the interest rates on the subordinated debt
   - **Next Steps:**
     - OPG and OFA will bring forward a recommended framework for determining interest rates
     - Timing: TBD

6. **IESO – Increased OFA Credit Facilities**
   - THE OPG financing entity is not expected to be immediately operational, so the IESO will need to have transitional financing in place to manage the difference in the payments to generators and other service providers vs payments from loads / LDCs.
   - There may also be on-going monthly cash flow timing differences that the IESO will need a credit facility for.
   - In addition, the OPG financing entity has the right to purchase the regulatory asset from IESO but is not required to purchase it.
   - IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
   - **Next Steps:**
     - OFA is drafting a new agreement for a $2 billion credit facility for the OFA to lend funds to IESO for FHP purposes. Concurrently, the OFA is seeking the Minister's approval for an LRC submission to approve an OIC for an additional $2 billion in borrowing capacity, as well as a Directive from the Minister of Finance, which are both necessary for the OFA to lend funds to IESO under the requested new Credit Facility.
     - Timing: The OIC is scheduled for the June 27, 2017 LRC meeting. The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

7. **OPG Indemnity**
    - OPG (and IESO) are asking for the Province to indemnify the IESO, OPG (the entities) and their respective directors, officers and employee in order to allow them to carry out their roles in implementing the Ontario Fair Hydro Plan and primarily the Global Adjustment refinancing.
    - Indemnification will need to ensure separation between the Province and OPG is maintained
    - **Next Steps:**
        - Staff in Ministry of Finance and Treasury Board Secretariat have received initial documents and are currently reviewing.
        - Depending on the structure of the indemnity requested, an OIC may be required to provide authority to the Minister of Finance
        - Timing: If an OIC is required this would be included in the June 27th, 2017 submission

From:	John Kim
To:	Carlos Yep
Subject:	FW: OFHP - Business Issue next steps
Date:	Tuesday, July 18, 2017 10:29:29 AM
Attachments:	Term Sheet_Master Subscription_draft June 13.docx

Fyi, not sure if you saw this email.

From: Sarah Neville
Sent: Tuesday, July 11, 2017 2:27 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Hello –

My strong preference and recommendation is that the OFA not be a party to the Subscription Agreement and that its role as cash flow facilitator/service provider along with a clear delineation of the authorities under which the OFA is acting be established in a separate MOU with Energy (e.g. the term sheet contemplates that a completed/signed subscription form will be provided to OPG from the OFA, is the OFA receiving the subscription form from Energy or is it anticipated that OFA will be executing the form on behalf of Energy? If so, what is the source of the authority for Energy to sign and how is it anticipated that MOE's authority will be delegated to the OFA? The term sheet provides that OFA will receive a share certificate confirming issuance of shares/update of share register sent to OFA and Energy. Why is the OFA receiving this? Is it anticipated that the OFA will have some on-going responsibility/role in respect of the shares/due diligence in ensuring that the shares are issued in exchange for the funds or maintaining records in respect of these transactions beyond flowing the "equity injection" and receiving a receipt?).

I think the arrangement and documentation needs to be clear that OFA is not providing services to OPG as a function of this arrangement (and OPG is not a public body, so OFA cannot provide services to OPG).

If there is a desire for OPG to be aware of the obligations and procedures established in arrangement between the OFA and Energy, the MOU can be attached as a schedule to the Subscription Agreement and the Ministry of Energy can undertake in the Subscription Agreement not to change or amend the MOU without prior written notice to OPG.

Happy to discuss further if there is more context/detail as to what the OFA's role is that I am not aware of beyond the term sheet.

Thanks very much,

Sarah

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to

this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM

To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   a.
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   [describe annual process]- Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

Formatted: Indent: Left: 2", No bullets or numbering

Commented [KC1]: Technically appropriation authority doesn't come into effect until the Budget passes. In the event of a post-March 31 Budget, we would need to seek a temporary allocation from OPCD until the budget is approved. Is this handled differently on the loan side at OFA?

From:	John Kim
To:	Ronald Kwan
Cc:	Gavin He; Bruno Amara
Subject:	FW: OFHP - Outstanding business issues
Date:	Wednesday, May 31, 2017 12:03:27 PM
Attachments:	2017 05 31 Outstanding Business Issues Ontario Fair Hydro Plan - v02_Markup2.docx

Hi Ron,

Pls. see attached. Not perfect but CMD staff added some sections as well.

John

From: John Kim
Sent: Wednesday, May 31, 2017 11:55 AM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi Kaitlin,

On a second thought, I know that Scott asked Ron for comments. Given that, might be best it goes through that channel?

I can share the material with Ron shortly.

John

From: John Kim
Sent: Wednesday, May 31, 2017 11:52 AM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Should be sending you shortly.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, May 31, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was

unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

PURPOSE
Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (~~Service and~~ Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA and working towards the development of a term sheet
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - The Province would like to minimize to the extent possible , the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers
   - The Province is considering regulation changes to exempt the income arising as a consequence of the Fair Hydro Plan from PILs
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity
   - **Next Steps:**
     - The Ministries of Finance, OFA and OPG are working together to determine required regulation changes
     - Timing: [Next steps for a decision / when is a decision required / when would these regulation changes occur]

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**

- OPG will require equity injections on a monthly basis in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province
- The Ministry of Energy received appropriation for $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT
- **Next Steps:**
    - The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.
    - Timing: OPG will require the ability to issue equity in July, so mechanics and agreements should be finalized in June

4. Management Fees

- OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
- The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations which are currently in development
- OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements
- **Next Steps:**
    - OPG and OEB will bring forward a recommended framework for developing management fees
    - Timing: For incorporation into regulations being brought forward in June

5. Subordinated Debt Loan Agreement

- OPG will lend the equity injection from the Province to the Fair Hydro Trust by way of subordinated debt
- Based on monthly funding requirements of the GA asset, the Trust will use short term financing and take out bonds once short term funding reaches certain levels
- OPG and OFA are working on a Debt Loan Arrangement which would establish the interest rates on the subordinated debt
- **Next Steps:**
    - OPG and OFA will bring forward a recommended framework for determining interest rates
    - Timing: TBD

6. IESO – Increased Credit Facilities

- The OPG financing entity has the right to purchase the regulatory asset from IESO but ~~does~~is not ~~have~~mandated to purchase it.

- IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
- **Next Steps:**
    - OFA is drafting a new agreement for a $2 billion credit facility for the OFA to lend funds to IESO for FHP purposes. Concurrently, the OFA is seeking LRC approval for a new $2 billion OIC, as well as a Directive from the Minister of Finance, which are both necessary for the OFA to lend funds to IESO under the new Credit Facility. .....
    - Timing: The OIC is scheduled as item for the June 27, 2017 LRC meeting. The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017.....

7. OPG Indemnity

- OPG (and IESO) are asking for the Province to indemnify the IESO, OPG (the entities) and their respective directors, officers and employee in order to allow them to carry out their roles in implementing the Ontario Fair Hydro Plan and primarily the Global Adjustment refinancing.
- Depending on the structure of the indemnity requested, indemnity would be provided either under section 22 or under section 28 of the *Financial Administration Act.* [CEFD staff are assessing the request.]
- Consideration will need to be given as to how providing an indemnity will be perceived given that the GA refinancing structure is meant to be independent of the Province.
- **Next Steps:**
    - Staff in Ministry of Finance and Treasury Board Secretariat have received initial documents and are currently reviewing.
    - If the Province is to provide the indemnity, section 22(1) of the FAA specifies that an OIC will be required to authorize the Minister of Finance.
    - Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: John Kim
To: Bruno Amara
Subject: FW: OFHP - Outstanding business issues
Date: Tuesday, May 30, 2017 1:10:09 PM
Attachments: Outstanding Business Issues – Ontario Fair Hydro Plan.docx

---

On this.....wouldn't the s.28 for OPG Board be one of the pending items?

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, May 30, 2017 11:28 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan
Briefing Note

PURPOSE
Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Service and Performance Guarantees**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA and working towards the development of a term sheet
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - The Province would like to minimize to the extent possible , the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers
   - The Province is considering regulation changes to exempt the income arising as a consequence of the Fair Hydro Plan from PILs
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity
   - **Next Steps:**
     - The Ministries of Finance, OFA and OPG are working together to determine required regulation changes
     - Timing: [Next steps for a decision / when is a decision required / when would these regulation changes occur]

3. **Equity Injection Process**
   - OPG will require equity injections on a monthly basis in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province

- The Ministry of Energy received appropriation for $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT
- **Next Steps:**
    - The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.
    - Timing: OPG will require the ability to issue equity in July, so mechanics and agreements should be finalized in June

4. Management Fees

- OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
- The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations which are currently in development
- OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements
- **Next Steps:**
    - OPG and OEB will bring forward a recommended framework for developing management fees
    - Timing: For incorporation into regulations being brought forward in June

From: John Kim
To: John Kim
Subject: FW: OFHP - Outstanding business issues
Date: Tuesday, June 06, 2017 9:25:53 AM
Attachments: OFHP_GA - Deliverables.xlsx

From: Salman Qadir
Sent: Friday, June 02, 2017 11:18 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi,

I'm assuming our branch has no deliverables related to other parts of the OFHP, so I've created a "Implementation" folder in the "Debt Financing the GA" since all of these related to the GA part of the OFHP. Happy to move around and reorg.

Z:\Users\CEF\Hydro 2017\Electricity Prices\Mitigation Proposals\Debt Financing the GA\Implementation

I've created a deliverables list there as well. Feel free to add.

Regards,
Salman

From: John Kim
Sent: Friday, June 02, 2017 11:00 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Sure, if Salman could get the list going….and hopefully we try to meet the timeline.

From: Bruno Amara
Sent: Friday, June 02, 2017 10:30 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

OK, If you're OK I'm OK ☺ I'm mainly concerned about due dates, but we'll proceed.

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

Total Number of Items 11

Purpose	Item #	Item	Approval Needed By	Key Dates	*Comments*	Status	Directory Location
Implement Credit Facility between OFA and IESO	1	Order-in-Council	LRC/Cabinet	27-Jun-17		ADM/CEO's Office	Z:\Users\CEF\Hydro 2017\IESO\Financing\IESO-OFA - FHP Line of Credit
	2	Minister's Directive	Minister of Finance	27-Jun-17		Currently being drafted	Z:\Users\CEF\Hydro 2017\IESO\Financing\IESO-OFA - FHP Line of Credit
	3	Credit Agreement	OFA CEO	30-Jun-17	*- Need to agree on key terms of the agreement* *- Reporting requirements?*	Documentation has begun drafting	Z:\Users\CEF\Hydro 2017\IESO\Financing\IESO-OFA - FHP Line of Credit
	4	Operating Loans System	EFB/ADM	Jul-17		TBC	
Guarantee Agreement	5	Order-in-Council	LRC/Cabinet	6/27/2017 or 7/26/2017		TBC	
	6	Guarantee Agreement	Minister of Finance	?????		TBC	
Indemnities for OPG	7	Order-in-Council	LRC/Cabinet	27-Jun-17			
	8	Indemnification Agreement	Minister of Finance	?????			
Indemnities for IESO	9	Order-in-Council	LRC/Cabinet	27-Jun-17		TBC	
	10	Indemnification Agreement	Minister of Finance	?????		TBC	
IESO Treasury Policy	11	IESO Treasury Policy	Minister of Finance	30-Jun-17		With EFB for review and coordination	
	12						
	13						
	14						

From: John Kim
To: Gavin He
Subject: FW: OFHP Business Issues
Date: Wednesday, November 08, 2017 2:01:08 PM

Fyi.

From: Cox, Hilary (ENERGY) [mailto:Hilary.Cox@ontario.ca]
Sent: Wednesday, November 08, 2017 1:05 PM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi John –
Please send your deck edits by end of day.

HC

From: Montgomery, Kaitlin (MOF)
Sent: November 2, 2017 12:49 PM
To: Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Business Issues

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM

To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Mike Manning; Carlos Yep; James Devine
Subject: FW: OFHP Business Issues
Date: Friday, September 15, 2017 1:22:41 PM
Attachments: 2017 09 11 OFHP Outstanding Business Issues v02.pptx

---

Could you have a look and let me know if any comments?

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>
Cc: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>
Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as financial services manager will be a Trust
- The Trust would be subject to tax under the Income Tax Act (Canada) (ITA) and the Ontario Taxation Act, 2007 (TA)
- The beneficiary of the Trust will be a corporation that will be directly or indirectly wholly-owned by OPG
  - The corporation, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down the stranded debt of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Province plans to bring forward a regulation under the *Electricity Act* that would exempt the corporation from paying PILs
- The Province will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financing Entity

Next Steps:

- Draft letter from the Minister of Finance to OPG in development that will provide comfort that the financing entity will be exempt from PILs
- The Ministry of Finance is working with OPG on a draft regulation which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to keep its capital structure in line, and will require flexibility in order to issue shares as needed
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the Province, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG is seeking Board approval on September 29th
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement which outlines the terms of the subordinated debt
- Interest rates on the subordinated debt will be established as follows:
  - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate.

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement which is tracking to be finalized by the end of September

From: John Kim
To: Bruno Amara; Shajee Kathirgamanathan
Subject: FW: OFHP Business Issues
Date: Friday, August 25, 2017 10:27:37 AM

FYI

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, August 24, 2017 4:53 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

Just checking in if anyone knows the status / next steps on the sub-debt? It's listed as one of the outstanding business issues so just trying to sort out required next steps/timing.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: August 3, 2017 10:06 AM
To: Kandeepan, Ken (OFA)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
Subject: RE: OFHP Business Issues

Hi – just looping back on this one.

Anyone know the status/next steps on the sub-debt agreement?

Thanks,
Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: July 12, 2017 5:00 PM
To: Montgomery, Kaitlin (MOF)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
Subject: RE: OFHP Business Issues

Hi Kaitlin

Pls see below, cc'ing my colleagues in case they have anything to add.

Thanks

Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 12, 2017 10:53 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFHP Business Issues

Hey Ken – In Scotts absence I'm hoping you can help me with a couple items:

1. On the performance fees – Did Scott share an ENE note with 3 options for your review last week? No
2. On the Sub-Debt – could you share the latest term sheet and what is the status of this one? Is it over to OFA to provide comments back to OPG or are we waiting on OPG for something? To the best of my knowledge we didn't have any major issues with the latest term sheet.

Thanks and happy to chat if that's easier
Kaitlin
416.326.6343

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Carlos Yep; James Devine
Cc: Mike Manning
Subject: FW: OFHP Business Issues
Date: Friday, August 25, 2017 9:55:54 AM

Hi Carlos, James,

Is this something that you are working on with OPG?

I didn't quite get the request so touched base with Kaitlin/Kaitlin and they clarified that it's some sort of debt/loan term sheet for subordinated debt.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, August 24, 2017 4:53 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

Just checking in if anyone knows the status / next steps on the sub-debt? It's listed as one of the outstanding business issues so just trying to sort out required next steps/timing.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: August 3, 2017 10:06 AM
To: Kandeepan, Ken (OFA)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
Subject: RE: OFHP Business Issues

Hi – just looping back on this one.

Anyone know the status/next steps on the sub-debt agreement?

Thanks,
Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: July 12, 2017 5:00 PM
To: Montgomery, Kaitlin (MOF)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)

Subject: RE: OFHP Business Issues

Hi Kaitlin

Pls see below, cc'ing my colleagues in case they have anything to add.

Thanks

Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 12, 2017 10:53 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFHP Business Issues

Hey Ken – In Scotts absence I'm hoping you can help me with a couple items:

1. On the performance fees – Did Scott share an ENE note with 3 options for your review last week? No
2. On the Sub-Debt – could you share the latest term sheet and what is the status of this one? Is it over to OFA to provide comments back to OPG or are we waiting on OPG for something? To the best of my knowledge we didn't have any major issues with the latest term sheet.

Thanks and happy to chat if that's easier
Kaitlin
416.326.6343

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Gavin He
Subject: FW: OFHP Business Issues
Date: Wednesday, November 01, 2017 9:22:37 AM

Let's take a look this morning.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

From:	John Kim
To:	Ken Kandeepan; Carlos Yep; James Devine
Cc:	Ronald Kwan; Mike Manning; Gavin He
Subject:	FW: OFHP Business Issues
Date:	Monday, October 30, 2017 11:48:12 AM
Attachments:	2017 10 30 OFHP Business Issues v02.pptx

Pls. take a look and send any suggested edits/comments.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, October 30, 2017 11:46 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

OFHP Business Issues

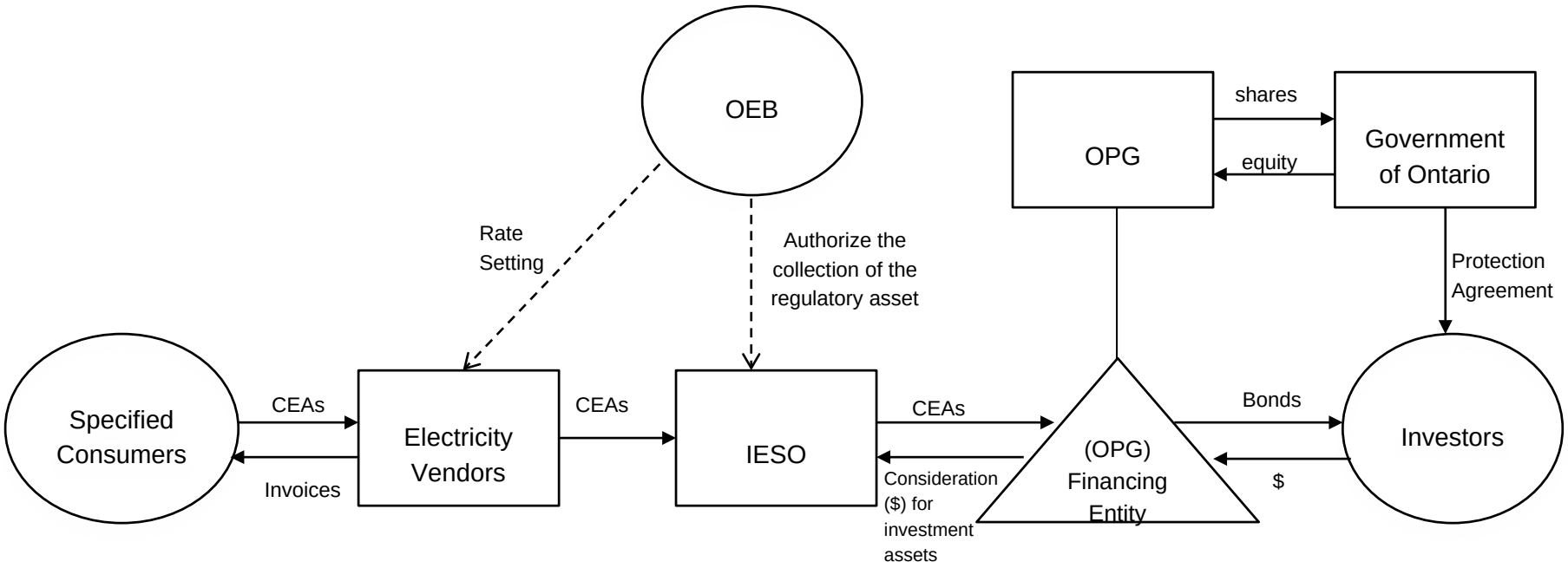
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From:	John Kim
To:	Gavin He
Subject:	FW: OFHP Business Issues
Date:	Friday, September 29, 2017 2:16:44 PM
Attachments:	2017 09 29 OFHP Business Issues v01.pptx

Could you take a look and also remind me next week?

From: John Kim
Sent: Friday, September 29, 2017 2:10 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: OFHP Business Issues

Pls. take a look. Happy to consolidate comments. At a quick glance, there are sub debt slide and mgmt fee slide.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, September 29, 2017 1:27 PM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

OFHP Business Issues

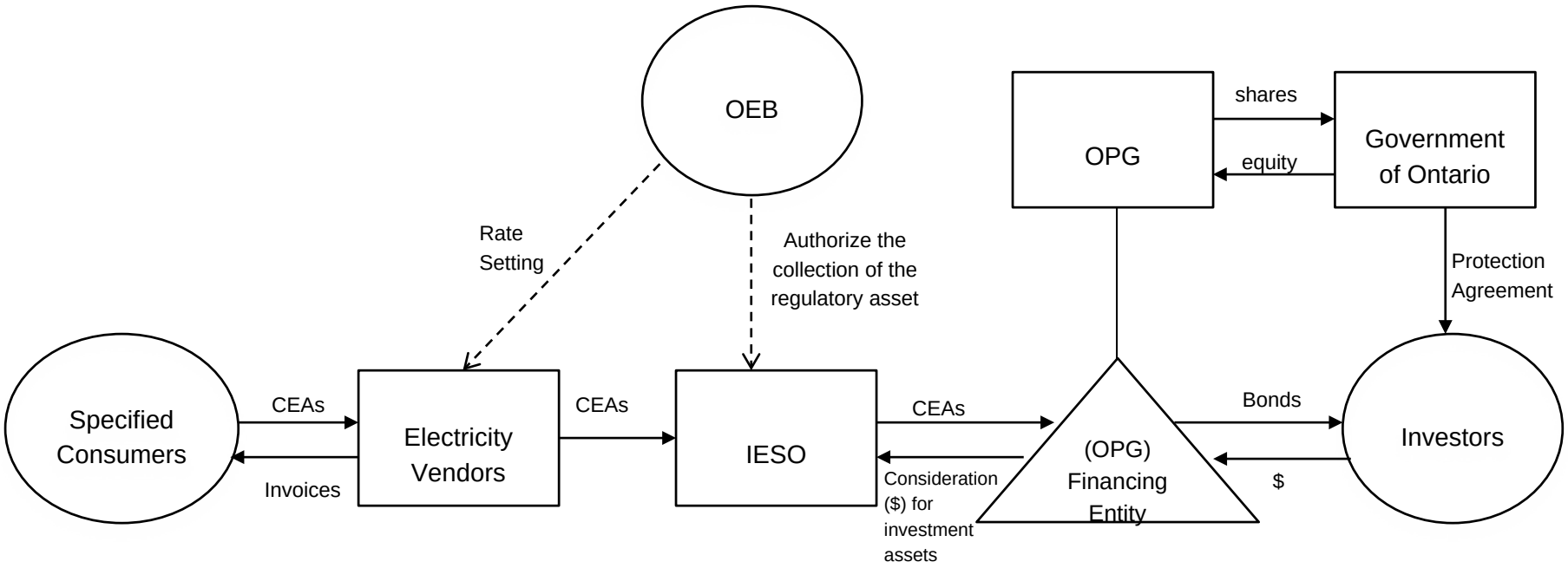
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The financing entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Province has agreed to provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity, including:
    - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
    - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 10 basis points on monthly funding obligation when the annual funding obligation is less than $10B, and 8 basis points on the monthly funding obligation when the annual funding obligation is greater than $10B.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

From:	John Kim
To:	Ken Kandeepan; Carlos Yep; James Devine; Mike Manning
Cc:	Ronald Kwan
Subject:	FW: OFHP Business Issues
Date:	Friday, September 29, 2017 2:10:08 PM
Attachments:	2017 09 29 OFHP Business Issues v01.pptx

Pls. take a look. Happy to consolidate comments. At a quick glance, there are sub debt slide and mgmt fee slide.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, September 29, 2017 1:27 PM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

OFHP Business Issues

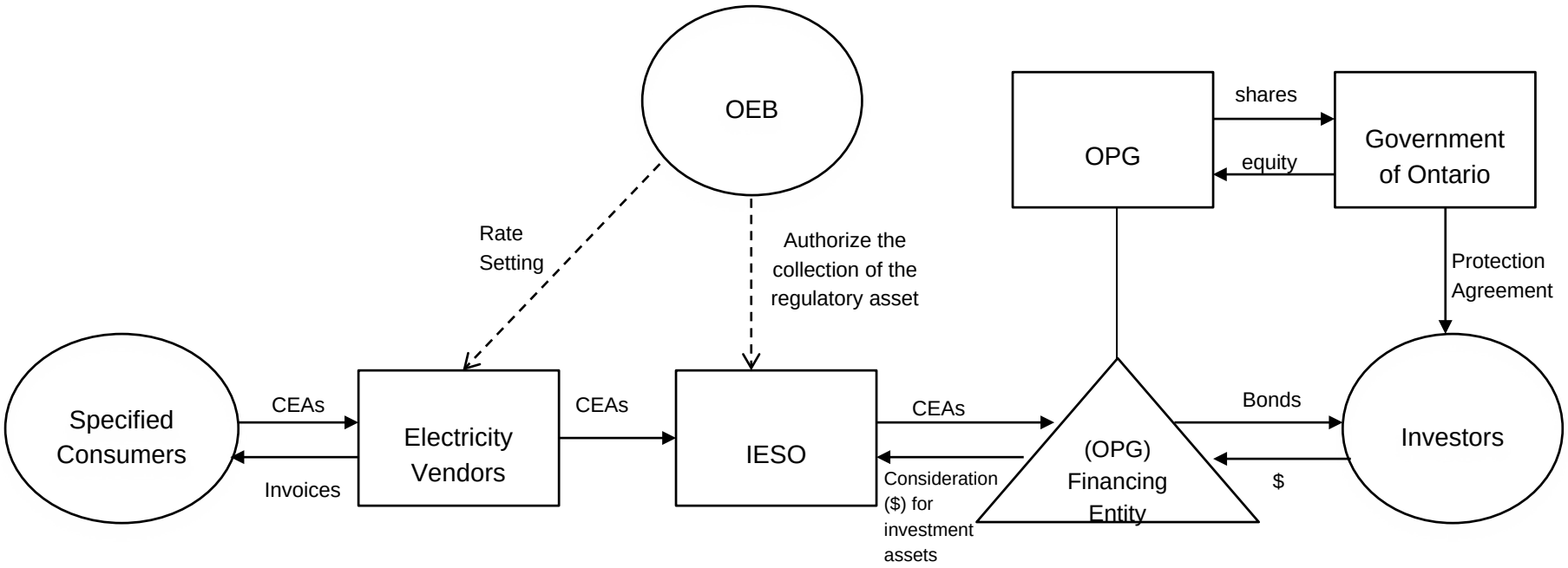
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The financing entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Province has agreed to provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity, including:
    - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
    - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 10 basis points on monthly funding obligation when the annual funding obligation is less than $10B, and 8 basis points on the monthly funding obligation when the annual funding obligation is greater than $10B.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

From: John Kim
To: Ronald Kwan
Subject: FW: OFHP Business Issues
Date: Tuesday, September 19, 2017 8:21:58 AM

Hi Ron,

To TPD's question, I believe the answer is yes, the interest needs to be tax exempt too. I'm not sure how they would segregate one source of income vs. another.

John

From: Lewis, Robin (MOF) [mailto:Robin.Lewis@ontario.ca]
Sent: Tuesday, September 19, 2017 8:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>
Subject: RE: OFHP Business Issues

John,

Do you know if the interest on the money OPG intends to lend to the Fair Hydro Trust needs to be tax exempt too? We were told that incidental income may arise in the trust and would have to be payable to OPG (or an OPG sub) in order that the Fair Hydro Trust pays no tax. Otherwise the tax (or PILs) would have to be passed on to rate payers.

The Province appears to be buying shares of OPG to inject the capital. OPG then plans to lend the capital to the trust at market interest rates. Seems to me that OPG will profit from this funding and ought to be taxable on interest received.

Please let me know what you think.

Regards,

Rob

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 19, 2017 7:55 AM
To: Montgomery, Kaitlin (MOF); Katona, Keley (MOF); Winfield, Lloyd (MOF)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

Ron had some additional edits on the last slide. Also, the deleting of the wording on s.11.4 certificate, is that Energy's changes?

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, September 18, 2017 12:47 PM
To: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Revised version attached.

Please let us know if you have any further comments or questions on this draft.

Thanks,
Kaitlin

From: Katona, Keley (MOF)
Sent: September 18, 2017 10:25 AM
To: Winfield, Lloyd (MOF); Kim, John (OFA)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Sure, we can circulate a new draft today.

From: Winfield, Lloyd (MOF)
Sent: September 18, 2017 9:58 AM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hello Keley.

It seems that our and OFA's suggested edits have crossed paths. If possible, we would appreciate reviewing the taxation aspect again before the deck is finalized.

Regards,
Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964

Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 18, 2017 8:07 AM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

Please review the ofa's comments ASAP, then come and discuss.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 15, 2017 4:45 PM
To: Katona, Keley (MOF); Winfield, Lloyd (MOF)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA)
Subject: RE: OFHP Business Issues

Hi Keley,

Attached is comments from OFA. My CMD colleagues indicate that much of slide 5 on Subordinate Debt Agreement is work in progress and TBD. CMD will be meeting with OPG next week to discuss these items.

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 3:39 PM
To: Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Thanks

From: Winfield, Lloyd (MOF)
Sent: September 15, 2017 3:38 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Keley.

Rob asked that I forward this slightly amended slide deck (attached) and these general comments to

you. Our amendments have been keyed directly into this copy in red font (page 3). One edit adds words. One edit replaces words.

Other comments.

1. A Trust is mentioned as part of the financing entity structure (page 3, top). Then a specific trust is named (page 5, the Fair Hydro Trust) but it is not explained whether this named trust is, or isn't, the Trust that is part of the financing entity structure.
2. The term financing entity is used eleven times but it seems that there are different meanings and different contexts (i.e., capitalized/not capitalized, specific entity/generic entity). This is confusing. In one instance perhaps the term "financial services manager" is meant (page 3, just before the heading 'Next Steps.')
3. We note that acronyms for the Income Tax Act (Canada) and Ontario Taxation Act are provided, but not used elsewhere in the document. Perhaps these two acronyms are not needed.

If questions, please do not hesitate to ask.

Regards.
Lloyd

Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 15, 2017 12:58 PM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

ASAP please.

From: Katona, Keley (MOF)
Sent: September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY); Kim, John (OFA); Lewis, Robin (MOF)
Cc: Montgomery, Kaitlin (MOF)
Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696

E-mail: keley.katona@ontario.ca

7th Floor, 375 University Ave, Toronto, ON

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Gavin He
Subject: FW: OFHP Business Issues
Date: Monday, September 18, 2017 1:04:17 PM
Attachments: 2017 09 18 OFHP Outstanding Business Issues v03 redline.pptx

---

Hi Gavin,

Could you stickhandle this SLA revisit?

Thanks,

John

From: John Kim
Sent: Monday, September 18, 2017 1:01 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: OFHP Business Issues

Hi Ken, Carlos,

Would you have any further comments? I believe they consolidated comments from us and FTD.

On slide 4, IGB deleted the part about the s.11.4 certificate. We may need to revisit the SLA in the near future.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, September 18, 2017 12:47 PM
To: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Revised version attached.

Please let us know if you have any further comments or questions on this draft.

Thanks,
Kaitlin

From: Katona, Keley (MOF)
Sent: September 18, 2017 10:25 AM
To: Winfield, Lloyd (MOF); Kim, John (OFA)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Sure, we can circulate a new draft today.

From: Winfield, Lloyd (MOF)
Sent: September 18, 2017 9:58 AM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hello Keley.

It seems that our and OFA's suggested edits have crossed paths. If possible, we would appreciate reviewing the taxation aspect again before the deck is finalized.

Regards,
Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 18, 2017 8:07 AM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

Please review the ofa's comments ASAP, then come and discuss.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 15, 2017 4:45 PM
To: Katona, Keley (MOF); Winfield, Lloyd (MOF)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA)
Subject: RE: OFHP Business Issues

Hi Keley,

Attached is comments from OFA. My CMD colleagues indicate that much of slide 5 on Subordinate Debt Agreement is work in progress and TBD. CMD will be meeting with OPG next week to discuss these items.

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 3:39 PM
To: Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Thanks

From: Winfield, Lloyd (MOF)
Sent: September 15, 2017 3:38 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Keley.

Rob asked that I forward this slightly amended slide deck (attached) and these general comments to you. Our amendments have been keyed directly into this copy in red font (page 3). One edit adds words. One edit replaces words.

Other comments.

1. A Trust is mentioned as part of the financing entity structure (page 3, top). Then a specific trust is named (page 5, the Fair Hydro Trust) but it is not explained whether this named trust is, or isn't, the Trust that is part of the financing entity structure.
2. The term financing entity is used eleven times but it seems that there are different meanings and different contexts (i.e., capitalized/not capitalized, specific entity/generic entity). This is confusing. In one instance perhaps the term "financial services manager" is meant (page 3, just before the heading 'Next Steps.')
3. We note that acronyms for the Income Tax Act (Canada) and Ontario Taxation Act are provided, but not used elsewhere in the document. Perhaps these two acronyms are not needed.

If questions, please do not hesitate to ask.

Regards.
Lloyd

Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 15, 2017 12:58 PM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

ASAP please.

From: Katona, Keley (MOF)
Sent: September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY); Kim, John (OFA); Lewis, Robin (MOF)
Cc: Montgomery, Kaitlin (MOF)
Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The financing entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity
- The above are in addition to a "Change of Law Protection Agreement" under which the Province would provide a guarantee to support the financing entities' debt under certain limited events such as a change in law or adverse court decision that would materially adversely affect the financing entities' ability to service debt.

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation ~~the stranded debt~~ of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance ~~Province~~ plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance ~~Province~~ will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, a financing entity must borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval ~~through the PRRT process~~ for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the ~~Province~~ Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds ~~following receipt of a certificate from the Ministry of Energy, as required under s.11.4 of the Financial Administration Act~~

Next Steps:

- OPG is seeking its Board approval on September 29th of any required steps for the equity subscription
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- Interest rates on the subordinated debt will be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

From: John Kim
To: Ken Kandeepan; Carlos Yep
Cc: Ronald Kwan
Subject: FW: OFHP Business Issues
Date: Monday, September 18, 2017 1:01:19 PM
Attachments: 2017 09 18 OFHP Outstanding Business Issues v03 redline.pptx

---

Hi Ken, Carlos,

Would you have any further comments? I believe they consolidated comments from us and FTD.

On slide 4, IGB deleted the part about the s.11.4 certificate. We may need to revisit the SLA in the near future.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, September 18, 2017 12:47 PM
To: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Revised version attached.

Please let us know if you have any further comments or questions on this draft.

Thanks,
Kaitlin

From: Katona, Keley (MOF)
Sent: September 18, 2017 10:25 AM
To: Winfield, Lloyd (MOF); Kim, John (OFA)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Sure, we can circulate a new draft today.

From: Winfield, Lloyd (MOF)
Sent: September 18, 2017 9:58 AM

To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hello Keley.

It seems that our and OFA's suggested edits have crossed paths. If possible, we would appreciate reviewing the taxation aspect again before the deck is finalized.

Regards,
Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 18, 2017 8:07 AM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

Please review the ofa's comments ASAP, then come and discuss.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 15, 2017 4:45 PM
To: Katona, Keley (MOF); Winfield, Lloyd (MOF)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA)
Subject: RE: OFHP Business Issues

Hi Keley,

Attached is comments from OFA. My CMD colleagues indicate that much of slide 5 on Subordinate Debt Agreement is work in progress and TBD. CMD will be meeting with OPG next week to discuss these items.

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 3:39 PM
To: Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Thanks

From: Winfield, Lloyd (MOF)
Sent: September 15, 2017 3:38 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Keley.

Rob asked that I forward this slightly amended slide deck (attached) and these general comments to you. Our amendments have been keyed directly into this copy in red font (page 3). One edit adds words. One edit replaces words.

Other comments.

1. A Trust is mentioned as part of the financing entity structure (page 3, top). Then a specific trust is named (page 5, the Fair Hydro Trust) but it is not explained whether this named trust is, or isn't, the Trust that is part of the financing entity structure.
2. The term financing entity is used eleven times but it seems that there are different meanings and different contexts (i.e., capitalized/not capitalized, specific entity/generic entity). This is confusing. In one instance perhaps the term "financial services manager" is meant (page 3, just before the heading 'Next Steps.')
3. We note that acronyms for the Income Tax Act (Canada) and Ontario Taxation Act are provided, but not used elsewhere in the document. Perhaps these two acronyms are not needed.

If questions, please do not hesitate to ask.

Regards.
Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 15, 2017 12:58 PM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

ASAP please.

From: Katona, Keley (MOF)
Sent: September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY); Kim, John (OFA); Lewis, Robin (MOF)
Cc: Montgomery, Kaitlin (MOF)

Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The financing entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity
- The above are in addition to a "Change of Law Protection Agreement" under which the Province would provide a guarantee to support the financing entities' debt under certain limited events such as a change in law or adverse court decision that would materially adversely affect the financing entities' ability to service debt.

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation ~~the stranded debt~~ of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance ~~Province~~ plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance ~~Province~~ will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, a financing entity must borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval ~~through the PRRT process~~ for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the ~~Province~~ Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds ~~following receipt of a certificate from the Ministry of Energy, as required under s.11.4 of the Financial Administration Act~~

Next Steps:

- OPG is seeking its Board approval on September 29th of any required steps for the equity subscription
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- Interest rates on the subordinated debt will be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

From: John Kim
To: Ken Kandeepan
Subject: FW: OFHP Business Issues
Date: Friday, September 15, 2017 1:23:53 PM
Attachments: 2017 09 11 OFHP Outstanding Business Issues v02.pptx

---

Hi Ken,

I'm happy to consolidate comments from you and CMD, if any. At first glance, seems reasonably clear to me

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>
Cc: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>
Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The Financing Entity will purchase the regulatory asset, effectively financing the shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as financial services manager will be a Trust
- The Trust would be subject to tax under the Income Tax Act (Canada) (ITA) and the Ontario Taxation Act, 2007 (TA)
- The beneficiary of the Trust will be a corporation that will be directly or indirectly wholly-owned by OPG
  - The corporation, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down the stranded debt of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Province plans to bring forward a regulation under the *Electricity Act* that would exempt the corporation from paying PILs
- The Province will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financing Entity

Next Steps:

- Draft letter from the Minister of Finance to OPG in development that will provide comfort that the financing entity will be exempt from PILs
- The Ministry of Finance is working with OPG on a draft regulation which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to keep its capital structure in line, and will require flexibility in order to issue shares as needed
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the Province, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG is seeking Board approval on September 29th
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement which outlines the terms of the subordinated debt
- Interest rates on the subordinated debt will be established as follows:
  - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate.

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement which is tracking to be finalized by the end of September

From: John Kim
To: Ronald Kwan
Cc: Gavin He
Subject: FW: OFHP Business Issues
Date: Wednesday, November 08, 2017 2:35:28 PM
Attachments: 2017 10 30 OFHP Business Issues v05.pptx
RE OFHP Business Issues.msg
RE OFHP Business Issues.msg

Hi Ron,

Could we get back to Steen's group at staff level? We reflected comments from FTD and CMD as attached.

Thanks,

John

From: Cox, Hilary (ENERGY) [mailto:Hilary.Cox@ontario.ca]
Sent: Wednesday, November 08, 2017 1:05 PM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi John –
Please send your deck edits by end of day.

HC

From: Montgomery, Kaitlin (MOF)
Sent: November 2, 2017 12:49 PM
To: Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Business Issues

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

OFHP Business Issues

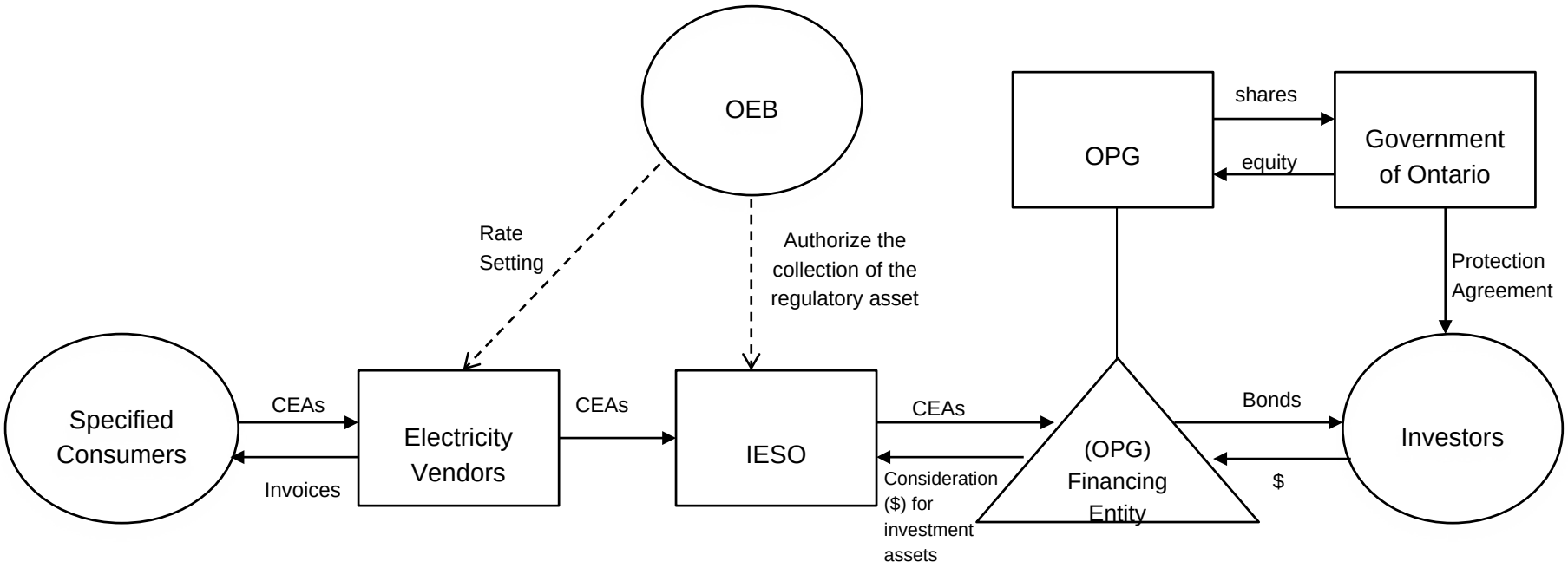
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - ~~Provincial Protection and Assurances Agreement (PPAA)~~ Change of Law Protection Agreement
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

~~Provincial Protection and Assurances Agreement~~Change of Law Protection Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

~~Provincial Protection and Assurances Agreement~~Change of ~~Law Protection Agreement~~ (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- Xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- Xx

FTD OFA Comment: Is the recovery limited to IESO's interest costs on the credit line or does it extend to the interest costs of the financing entity over the four years in question?

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt and junior subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of ~~September~~November [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From: Gavin He []
To: John Kim [John.Kim@ofina.on.ca]
Subject: RE: OFHP Business Issues
Date: Wednesday, November 08, 2017 15:20:51
Attachment 1: 2017 10 30 OFHP Business Issues v04.pptx

Hi John,

Please find attached the updated deck with comments from Carlos.

Regards,

Gavin He

From: Carlos Yep
Sent: Wednesday, November 08, 2017 2:15 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Gavin,

re: slide #2, 4,5

-you may want to change the references of “Provincial Protection and Assurance Agreement” to the “Change of Law Protection Agreement”

re: slide#9

-is this correct: OPG and the Ministry of Energy have approved the Master Subscription Agreement

re:Slide#10

-need to add “and junior subordinated debt” after OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt “

-need to change by the end of “November” finalized by the end of September

regards

Carlos

From: Gavin He
Sent: Wednesday, November 08, 2017 1:23 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi Carlos/James,

Just want to follow up with you on below email and see if you have any comments/edits to the deck? If so, could you please send us the edits by 3:00 p.m. today?

Thanks,

Gavin He

From: John Kim
Sent: Monday, October 30, 2017 11:48 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Pls. take a look and send any suggested edits/comments.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, October 30, 2017 11:46 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep

you posted if that timing needs to change.

Thanks in advance,

Kaitlin

OFHP Business Issues

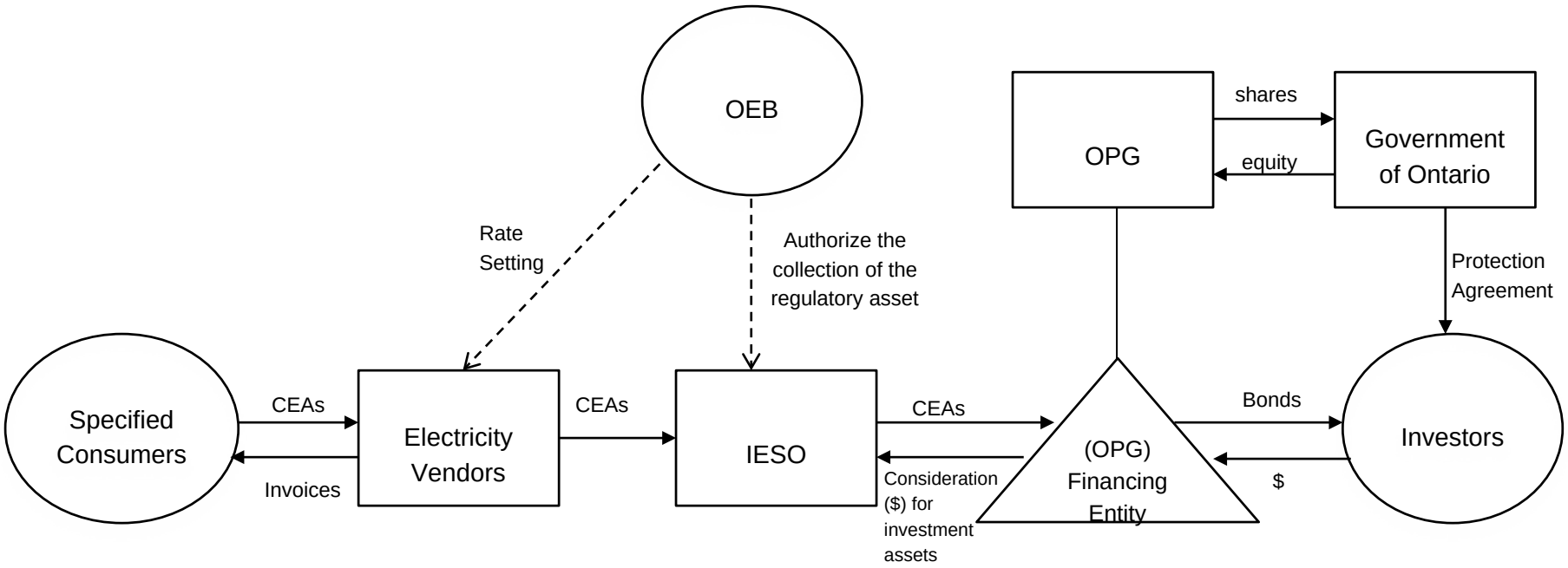
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - ~~Provincial Protection and Assurances Agreement (PPAA)~~ Change of Law Protection Agreement
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

~~Provincial Protection and Assurances Agreement~~Change of Law Protection Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

~~Provincial Protection and Assurances Agreement~~Change of ~~Law Protection Agreement~~ (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- Xx

CEFD Comment: Does the FAA include any interest on the deferred GA amount? Does the equity injection from the Province also covers those interest costs?

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- Xx

OFA Comment: Is the recovery limited to IESO's interest costs on the credit line or does it extend to the interest costs of the financing entity over the four years in question?

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt and junior subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of ~~September~~November [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From: Ken Kandeepan []
To: John Kim [John.Kim@ofina.on.ca]; Carlos Yep [Carlos.Yep@ofina.on.ca]; James Devine [James.Devine@ofina.on.ca]
CC: Ronald Kwan [Ronald.Kwan@ofina.on.ca]; Mike Manning [Mike.Manning@ofina.on.ca]; Gavin He [Gavin.He@ofina.on.ca]
Subject: RE: OFHP Business Issues
Date: Wednesday, November 01, 2017 10:17:09

Thanks John, I don't have any major issues. I do note that the slide on the recovery of interest over the moratorium period remains blank, I understand a reg was crafted on this issue with IESO recovering these amounts from the Global Adjustment. Not sure whether the recovery is limited to IESO's interest costs on the credit line or extends to the interest costs of the financing entity over the four years in question.

Clarification from you or Energy will be much appreciated.

Slide 10: one small point it says the sub debt agreement includes the OFA as a party, my understanding is that the OFA will review the sub debt agreement and make sure we are comfortable with the terms, but will not be a signatory, you may want to communicate this to Energy.

Thanks

Ken k

From: John Kim
Sent: Monday, October 30, 2017 11:48 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Pls. take a look and send any suggested edits/comments.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, October 30, 2017 11:46 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,

Kaitlin

From: Montgomery, Kaitlin (MOF)

Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,

Kaitlin

From: John Kim
To: Gavin He
Subject: FW: OPG Equity Injection - Closing April 20, 2018
Date: Tuesday, April 17, 2018 1:54:46 PM
Attachments: 2018-04-20- Calculation of Equity Injection.pdf

Did you get this?

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

Attachment A to Exhibit B of Master Share Subscription Agreement

Calculation of Equity Injection for
Investment Asset Purchase in April 2018
representing the accumulated balance for March, 2018 ("Period")

(A)	Purchase Price per Transfer Notice from IESO	149,000,000.00
(B)	Percentage Funded by Equity	44.0%
(C)	Total Equity Required for Period (AxB)	65,560,000.00
(D)	Class A share purchase price[1]	43.74
(E)	Number of Class A shares to be issued (C/D)	1,498,856.0

1. Based on December 31, 2017 financial statements

From:	John Kim
To:	Gavin He
Cc:	Shajee Kathirgamanathan
Subject:	FW: OPG Equity Injection - Closing April 20, 2018
Date:	Monday, April 16, 2018 2:03:41 PM
Attachments:	2018-04-16 - Signed Share Subscription Form.pdf 2018-04-16 - Signed FAA Certificate.pdf 2018-04-16 - Signed Payment Memo.pdf
Importance:	High

Hi Gavin,

Could you get on this list?

Thanks,

John

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: April-16-18 2:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde

Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC.** (the "**Corporation**")

The undersigned hereby subscribes for 1,498,856 Class A Shares of the Corporation at the price of $43.74 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: April 20, 2018

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **April 20, 2018** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated November 22, 2017.

The Share Subscription requests payment by the Ministry to OPG in the amount of **$65,560,000** as consideration for the subscription for **1,498,856** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I Carolyn Calwell, Assistant Deputy Minister, as delegated by the Minister of Energy, hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated: 16 April 2018

Carolyn Calwell
Assistant Deputy Minister
Strategic, Network and Agency Policy

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 326-5572

Ministère de l'Énergie

77, rue Grenville
6e étage
Toronto ON M7A 2C1

Tél: (416) 326-5572

Ontario

April 16, 2018

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of **$65,560,000** to Ontario Power Generation Inc. (OPG) on April 20, 2018 as consideration for the subscription for **1,498,856** Class A shares Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

From:	John Kim
To:	Shajee Kathirgamanathan
Subject:	FW: OPG Equity Injection - Closing April 20, 2018
Date:	Thursday, April 19, 2018 10:29:10 AM

Could you check with Risa and others that all is set to go on the equity injection?

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Thursday, April 19, 2018 10:10 AM
To: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi Gavin and John,

I just wanted to check-in to confirm that the transfer is good to go tomorrow morning.

Could you also send the LVTS reference number tomorrow morning as was done for the March injection?

Let me know if there are any issues.

Thanks,
Deni

From: Young, Graham (ENERGY)
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY); Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM

To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From:	Gavin He
To:	John Kim
Cc:	Shajee Kathirgamanathan
Subject:	FW: OPG Equity Injection - closing date March 22
Date:	Monday, March 19, 2018 11:48:26 AM

Hi John,

Settlements confirmed that they will make the payment on March 22nd as requested.

Regards,
Gavin He

From: Risa Thau
Sent: Monday, March 19, 2018 11:42 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Gavin,

We will make the payment on March 22, 2018 as per the authorization letter.

Thanks,

Risa Thau
Email Address: risa.thau@ofina.on.ca
Telephone number: 416-325-6879

From: Gavin He
Sent: Monday, March 19, 2018 11:38 AM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: FW: OPG Equity Injection - closing date March 22

Hi Salvatore/Risa,

I believe you have received the attached equity injection request from ENERGY last Friday. Just want to check in with you to see if you have any concerns closing this transaction before March 22?

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]

Sent: Friday, March 16, 2018 12:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	John Kim
To:	Shajee Kathirgamanathan; Gavin He
Subject:	FW: OPG Equity Injection - closing date March 22
Date:	Monday, March 19, 2018 11:33:14 AM
Attachments:	2018-03-16- Signed Share Subscription Form.pdf 2018-03-16- Memo Authorizing Funds.pdf 2018-03-16- Signed FAA Certificate.pdf

Hi,

Could you touch base with all the areas affected on our end….that all is in order for this?

Energy's ADM will be off as of today so if any signing is to be done, including any changes, it has to be done today.

Thanks,

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, March 16, 2018 12:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC.** (the "**Corporation**")

The undersigned hereby subscribes for 4,627,343 Class A Shares of the Corporation at the price of $43.74 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: March 22, 2018

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Share Subscription Agreement

Calculation of Equity Injection for
Investment Asset Purchase in March 2018
representing the accumulated balance from December, 2017 - February, 2018 ("Period")

(A)	Purchase Price per Transfer Notice from IESO	460,000,000.00
(B)	Percentage Funded by Equity	44.0%
(C)	Total Equity Required for Period (AxB)	202,400,000.00
(D)	Class A share purchase price[1]	43.74
(E)	Number of Class A shares to be issued (C/D)	4,627,343.0

1. Based on December 31, 2017 financial statements

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 326-5572

Ministère de l'Énergie

77, rue Grenville
6e étage
Toronto ON M7A 2C1

Tél: (416) 326-5572

Ontario

March 16, 2018

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of **$202,400,000** to Ontario Power Generation Inc. (OPG) on March 22, 2018 as consideration for the subscription for **4,627,343** Class A shares Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **March 22, 2018** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated November 22, 2017.

The Share Subscription requests payment by the Ministry to OPG in the amount of **$202,400,000** as consideration for the subscription for **4,627,343** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I Carolyn Calwell, Assistant Deputy Minister, as delegated by the Minister of Energy, hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated: March 16, 2018

Carolyn Calwell
Assistant Deputy Minister
Strategic, Network and Agency Policy

From: John Kim
To: Gavin He
Cc: Shajee Kathirgamanathan
Subject: FW: OPG Equity Injection - closing date March 22
Date: Tuesday, March 20, 2018 9:22:23 AM

Hi Gavin,

Not sure if Ken is around….could you check with Settlements?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, March 20, 2018 9:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Ken, John,

OPG is asking if they can have the funds ready for 8 am on the 22nd?
Is that doable on your end?

Thanks,
Shruti

From: Talwar, Shruti (ENERGY)
Sent: March 16, 2018 12:21 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; 'settlement@ofina.on.ca'; CASHP
Cc: Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sud, Manu (ENERGY); Gounden, Pratima (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	John Kim
To:	Ronald Kwan
Subject:	FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Thursday, April 27, 2017 7:53:27 AM
Attachments:	Capital Injection Discussion (25-April-17).pdf

Fyi.

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

TD Securities

A Confidential Presentation

Capital Injection Discussion

April 25, 2017

Presented By

Introduction

- The Province of Ontario (the "Province") is considering alternatives to fund its capital injection (the "Capital Injection") into Ontario Power Generation Inc. ("OPG"), which represents 44% of the Global Adjustment deferral financing requirement
- When evaluating the Province's alternatives, TD Securities Inc. ("TD Securities") understands that the Province's objectives are:
  1. **Equity Treatment:** Ensuring that the Capital Injection is treated as equity so as to mitigate the credit rating impact to OPG associated with 100% consolidation of the Special Purpose Vehicle ("SPV")/Trust
  2. **Managing Cash Flows for Interest Payments:** Timing, size, and priority of cash flows to repay interest used to fund the Capital Injection
  3. **Managing Cash Flows for Debt Repayments**: Timing, size, and priority of cash flows to repay the maturing principal for debt used to fund the Capital Injection
- In addition, simplicity is preferred to a complex structure

Capital Injection Options

	Common Equity	Preferred Equity	Fixed-to-Floating Sub. Notes, Convertible to Preferred Equity[1]	Mandatory Convertible Preferred Equity
Characteristics				
Instrument	▪ Equity instrument with no fixed dividend	▪ Preferred equity instrument with a fixed, floating, or resettable dividend	▪ A fixed income instrument with a fixed rate, which automatically converts into floating rate preferred shares, subject to an issuer cash redemption feature	▪ A preferred equity instrument that pays fixed, floating, or resettable dividends, which automatically converts into common equity
Capital Structure Ranking	▪ Lowest priority	▪ Priority to common equity	▪ Until converted, usually ranks higher than preferred equity, but lower than other fixed income instruments	▪ Priority to common equity until converted
OPG Tax Treatment	▪ Dividends are not tax-deductible	▪ Dividends are not tax-deductible	▪ Initial interest payments tax-deductible	▪ Dividends are not tax-deductible
DBRS Equity Treatment Methodology	▪ Considered equity	▪ Allocated an equity percentage (100% to 0%) based on (1) permanence, (2) subordination, and (3) legal implications (default considerations) ▪ Any less "equity-like" features reduce equity weighting allocated to the instrument ▪ Hybrid instruments[2] can receive 100% equity treatment, but limited to a quantity proportionate to 20% of common equity ▪ 100% of preferred dividends or interest payments are subtracted from cash flow credit metrics, regardless of equity treatment ▪ Cannot have a investor cash redemption provision to be considered equity		
S&P Equity Treatment Methodology	▪ Considered equity	▪ Hybrids placed into one of three categories based on equity content for purposes of calculating credit metrics: • High: 100% equity; Intermediate: 50% equity, 50% debt; Minimal: 0% equity ▪ Key considerations are: (1) ongoing payments, (2) permanence, and (3) subordination / credit default cushion ▪ Generally, equity content treatment applies to hybrids in proportions equal to or below 15% of total capitalization ▪ Same equity treatment methodology is applied in calculating cash flow credit metrics ▪ Must have at least 20 years or more remaining to the effective maturity to be given any equity content, subject to other features		
Objectives				
1. Equity Treatment	▪ Considered equity	▪ Typically given 50% and 100% equity treatment by S&P and DBRS, respectively, subject to quantity limits	▪ Recent hybrid sub-debt offerings given intermediate equity content by S&P ▪ Quantity limited by DBRS & S&P	▪ Typically given 100% equity treatment, depending on conversion length ▪ Quantity limited by DBRS & S&P
2. Cash Flows for Interest Payments	▪ By way of dividends ▪ **Dividend Timing:** flexible (monthly, quarterly, yearly) ▪ **Dividend Size:** flexible ▪ **Dividend Priority:** can be deferred indefinitely	▪ By way of preferred dividends ▪ **Dividend Timing:** fixed ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends • Cumulative or non-cumulative	▪ By way of fixed interest payments until converted ▪ **Interest Timing:** flexible at initiation ▪ **Interest Rate:** flexible at initiation ▪ **Interest Priority:** can be deferred indefinitely, but prioritized above common dividends	▪ By way of preferred dividends until converted ▪ **Dividend Timing:** flexible at initiation ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends until converted
3. Cash Flows for Debt Principal Payments	▪ Special dividends can be utilized to match timing of principal repayments	▪ Little incentive for principal repayment unless other features are added	▪ Interest rate step-up incentivizes redemption by the issuer at conversion, but may affect equity treatment	▪ Once converted, special dividends can be utilized to match timing of principal repayments

(1) Also referred to as U.S. Hybrids, with recent examples including TransCanada's US$1.25B offering in February 2017 and Emera's US$1.2B offering in June 2016
(2) Instruments that have both debt-like and equity-like features

Discussion

- Common equity provides the most flexibility to OPG with respect to:
  - Greater certainty in attaining equity treatment by credit rating agencies
  - Cash flow timing in the event that SPV/Trust payments are delayed
- Hybrid instruments(1) are an alternative in satisfying the Province's Capital Injection into OPG
  - Companies usually issue hybrids for specific purposes related to access to capital markets, credit rating, equity dilution, and tax considerations
- Two considerations required for OPG to consolidate the SPV/Trust that may directly affect the timing and amount of cash available to pay the Province are:
  - **Decision Making** – OPG needs to make funding / dividend decisions independent of the Province
  - **Business Risk** – OPG needs to demonstrate that it has variability of returns
- The two above considerations may result in cash not being distributed from the SPV/Trust to OPG, such that OPG cannot pay a dividend or special dividend to the Province
- Additionally, the dividend / interest rate on the Province's Capital Injection relative to the interest rate of the debt issued by the Province and the debt issued to OPG by the SPV/Trust determines where the excess cash will accumulate

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Discussion (cont'd)

- Hybrid instruments(1) can be used to increase the Province's certainty of cash flows to cover the interest and principal payments on the underlying debt the Province issues
  - Subordination is less of a concern as the Province owns 100% of OPG
  - Direct trade-off exists between adding debt-like features to the hybrid instruments and reducing their degree of equity treatment for OPG by credit rating agencies
  - However, the instruments have to demonstrate some degree of permanency to warrant equity treatment and the total amount that receive equity treatment is limited by credit rating agencies
- At its simplest, the Capital Injection could take the form of common shares to the Province
  - Normal dividends set by the OPG Board, which the Province has the ability to direct, to equal the interest payments on the underlying debt
  - Repayment of principal through special dividends as cash becomes available at OPG after receiving distributions from the SPV/Trust
- Investing at market value as opposed to book value is more of a concern when allocating value between new and existing shareholders, which in not applicable in this case

The Province should have a detailed discussion with OPG and its auditors, and ultimately, the credit rating agencies when evaluating its alternatives in the context of its objectives

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Disclaimer

These materials were prepared exclusively for the benefit and internal use of the TD Securities client to whom it is directly addressed and delivered in order to assist the Company in evaluating, on a preliminary basis, the feasibility of a possible transaction or transactions. These materials were compiled or prepared on a confidential basis solely and exclusively for the use of the Company and not with a view to public disclosure (whether under any securities laws or otherwise). The information is for discussion purposes only. These materials may not be used for any purpose other than as may be specifically contemplated by a written agreement with TD Securities.

The information in this presentation reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. TD Securities' opinions and estimates constitute TD Securities' judgment and should be regarded as indicative, preliminary and for illustrative purposes only. In preparing the materials, TD Securities has relied upon documents and information prepared or supplied to TD Securities from the Company and other sources, without independent verification by TD Securities. Any estimates and projections contained herein have been based upon estimates and projections contained in such documents and third party sources and there is no assurance that such estimates and projections will be realized. Neither TD Securities nor any of its employees, affiliates, advisors or representatives makes any representations (express or implied) as to the accuracy or completeness of such information contained herein and nothing contained herein is or shall be construed or relied upon as, a representation, whether as to the past, present or future. Nothing herein should be construed as tax, accounting or legal advice. TD Securities does not have any obligation to update or otherwise revise the materials and information contained herein.

TD Securities believes that these materials must be considered as a whole and that selecting portions of the analyses and the factors considered by TD Securities, without considering all of the factors and analyses together, could create a misleading view of the presentation. The preparation of a presentation such as this is complex and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lend to undue emphasis on any particular factor or analysis.

These materials must not be disclosed, copied or reproduced, distributed or passed to others at any time without the prior written consent of TD Securities.

Notwithstanding anything herein to the contrary, the Company and each of its employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Company relating to such tax treatment and tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income tax strategy provided to the Company by TD Securities.

TD Securities' policies prohibit employees from offering, directly or indirectly, a favorable research rating or specific price target, or offering to change a rating or price target, to a subject company as consideration or inducement for the receipt of business or for compensation. TD Securities also prohibits its research analysts from being compensated for involvement in investment banking transactions except to the extent that such participation is intended to benefit investors.

"TD Securities" is a trademark of The Toronto-Dominion Bank and represents TD Securities Inc., TD Securities (USA) LLC., TD Securities Ltd and certain investment and corporate banking activities of The Toronto-Dominion Bank and its regulated subsidiaries. The Toronto-Dominion Bank, TD Bank Europe Ltd and TD Securities Ltd are regulated for investment business conducted in the UK by the FSA. TD Global Finance is regulated for investment business conducted in Ireland by the Central Bank of Ireland. This document is prepared, issued or approved for issuance in the UK and Europe by TD Securities Ltd on behalf of or as agent and introducer for TD Bank.

These materials do not constitute a commitment by any TD Securities entity to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services.

From: John Kim
To: Ronald Kwan
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date: Wednesday, April 26, 2017 8:08:53 PM

Hi Ron,

Have you seen the appendix to the CabSub?

Thanks,

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 7:50 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Good question, the appendix to the MOE cabinet submission includes an opinion from E&Y where this point is very forcefully made. That is why the debt from the Province option is no longer on the table.

Thanks

Ken k

From: John Kim
Sent: Wednesday, April 26, 2017 7:29 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Hi Ken,

Thanks for these helpful comments. I do have a question on your first comment. I haven't been as close to the accounting discussion as you have been - why would providing debt from the Province to OPG, for this purpose, affect its status as a GBE, if the loan is provided at a market rate. I haven't gone through this deck carefully yet but wanted to clarify this point.

I do recognize that ultimately OPG would want to make a commercial decision so we are looking to be educated on various structures.

Happy to chat in the lock-up tomorrow.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.
- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.
- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.
- The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop

<Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

From:	John Kim
To:	Salman Qadir; Adam Prokop
Cc:	Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject:	FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Wednesday, April 26, 2017 7:55:06 PM

Where in the CabSub did it mention this?

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 7:50 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Good question, the appendix to the MOE cabinet submission includes an opinion from E&Y where this point is very forcefully made. That is why the debt from the Province option is no longer on the table.

Thanks

Ken k

From: John Kim
Sent: Wednesday, April 26, 2017 7:29 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Hi Ken,

Thanks for these helpful comments. I do have a question on your first comment. I haven't been as close to the accounting discussion as you have been - why would providing debt from the Province to OPG, for this purpose, affect its status as a GBE, if the loan is provided at a market rate. I haven't gone through this deck carefully yet but wanted to clarify this point.

I do recognize that ultimately OPG would want to make a commercial decision so we are looking to be educated on various structures.

Happy to chat in the lock-up tomorrow.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.
- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.
- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.
- The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

From: John Kim
To: Carlos Yep
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date: Wednesday, April 26, 2017 5:21:45 PM

Good thing Ken sent something back as I had overlooked this one in my inbox. I will send comments back but after the Document tomorrow.

Ideally, a call with TD next week as I'm off Friday too and I'd advise keeping Kaitlin in the mix as Mike pointed out last week.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.
- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.
- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.
- The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep

Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

From:	John Kim
To:	Shajee Kathirgamanathan; Salman Qadir
Subject:	FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Wednesday, April 26, 2017 4:43:55 PM
Attachments:	Capital Injection Discussion (25-April-17).pdf

Fyi.

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

TD Securities

A Confidential Presentation

Capital Injection Discussion

April 25, 2017

Presented By

Introduction

- The Province of Ontario (the "Province") is considering alternatives to fund its capital injection (the "Capital Injection") into Ontario Power Generation Inc. ("OPG"), which represents 44% of the Global Adjustment deferral financing requirement
- When evaluating the Province's alternatives, TD Securities Inc. ("TD Securities") understands that the Province's objectives are:
  1. **Equity Treatment:** Ensuring that the Capital Injection is treated as equity so as to mitigate the credit rating impact to OPG associated with 100% consolidation of the Special Purpose Vehicle ("SPV")/Trust
  2. **Managing Cash Flows for Interest Payments:** Timing, size, and priority of cash flows to repay interest used to fund the Capital Injection
  3. **Managing Cash Flows for Debt Repayments**: Timing, size, and priority of cash flows to repay the maturing principal for debt used to fund the Capital Injection
- In addition, simplicity is preferred to a complex structure

Capital Injection Options

	Common Equity	Preferred Equity	Fixed-to-Floating Sub. Notes, Convertible to Preferred Equity[1]	Mandatory Convertible Preferred Equity
Characteristics				
Instrument	▪ Equity instrument with no fixed dividend	▪ Preferred equity instrument with a fixed, floating, or resettable dividend	▪ A fixed income instrument with a fixed rate, which automatically converts into floating rate preferred shares, subject to an issuer cash redemption feature	▪ A preferred equity instrument that pays fixed, floating, or resettable dividends, which automatically converts into common equity
Capital Structure Ranking	▪ Lowest priority	▪ Priority to common equity	▪ Until converted, usually ranks higher than preferred equity, but lower than other fixed income instruments	▪ Priority to common equity until converted
OPG Tax Treatment	▪ Dividends are not tax-deductible	▪ Dividends are not tax-deductible	▪ Initial interest payments tax-deductible	▪ Dividends are not tax-deductible
DBRS Equity Treatment Methodology	▪ Considered equity	▪ Allocated an equity percentage (100% to 0%) based on (1) permanence, (2) subordination, and (3) legal implications (default considerations) ▪ Any less "equity-like" features reduce equity weighting allocated to the instrument ▪ Hybrid instruments[2] can receive 100% equity treatment, but limited to a quantity proportionate to 20% of common equity ▪ 100% of preferred dividends or interest payments are subtracted from cash flow credit metrics, regardless of equity treatment ▪ Cannot have a investor cash redemption provision to be considered equity		
S&P Equity Treatment Methodology	▪ Considered equity	▪ Hybrids placed into one of three categories based on equity content for purposes of calculating credit metrics: • High: 100% equity; Intermediate: 50% equity, 50% debt; Minimal: 0% equity ▪ Key considerations are: (1) ongoing payments, (2) permanence, and (3) subordination / credit default cushion ▪ Generally, equity content treatment applies to hybrids in proportions equal to or below 15% of total capitalization ▪ Same equity treatment methodology is applied in calculating cash flow credit metrics ▪ Must have at least 20 years or more remaining to the effective maturity to be given any equity content, subject to other features		
Objectives				
1. Equity Treatment	▪ Considered equity	▪ Typically given 50% and 100% equity treatment by S&P and DBRS, respectively, subject to quantity limits	▪ Recent hybrid sub-debt offerings given intermediate equity content by S&P ▪ Quantity limited by DBRS & S&P	▪ Typically given 100% equity treatment, depending on conversion length ▪ Quantity limited by DBRS & S&P
2. Cash Flows for Interest Payments	▪ By way of dividends ▪ **Dividend Timing:** flexible (monthly, quarterly, yearly) ▪ **Dividend Size:** flexible ▪ **Dividend Priority:** can be deferred indefinitely	▪ By way of preferred dividends ▪ **Dividend Timing:** fixed ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends • Cumulative or non-cumulative	▪ By way of fixed interest payments until converted ▪ **Interest Timing:** flexible at initiation ▪ **Interest Rate:** flexible at initiation ▪ **Interest Priority:** can be deferred indefinitely, but prioritized above common dividends	▪ By way of preferred dividends until converted ▪ **Dividend Timing:** flexible at initiation ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends until converted
3. Cash Flows for Debt Principal Payments	▪ Special dividends can be utilized to match timing of principal repayments	▪ Little incentive for principal repayment unless other features are added	▪ Interest rate step-up incentivizes redemption by the issuer at conversion, but may affect equity treatment	▪ Once converted, special dividends can be utilized to match timing of principal repayments

(1) Also referred to as U.S. Hybrids, with recent examples including TransCanada's US$1.25B offering in February 2017 and Emera's US$1.2B offering in June 2016
(2) Instruments that have both debt-like and equity-like features

Discussion

- Common equity provides the most flexibility to OPG with respect to:
  - Greater certainty in attaining equity treatment by credit rating agencies
  - Cash flow timing in the event that SPV/Trust payments are delayed
- Hybrid instruments(1) are an alternative in satisfying the Province's Capital Injection into OPG
  - Companies usually issue hybrids for specific purposes related to access to capital markets, credit rating, equity dilution, and tax considerations
- Two considerations required for OPG to consolidate the SPV/Trust that may directly affect the timing and amount of cash available to pay the Province are:
  - **Decision Making** – OPG needs to make funding / dividend decisions independent of the Province
  - **Business Risk** – OPG needs to demonstrate that it has variability of returns
- The two above considerations may result in cash not being distributed from the SPV/Trust to OPG, such that OPG cannot pay a dividend or special dividend to the Province
- Additionally, the dividend / interest rate on the Province's Capital Injection relative to the interest rate of the debt issued by the Province and the debt issued to OPG by the SPV/Trust determines where the excess cash will accumulate

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Discussion (cont'd)

- Hybrid instruments(1) can be used to increase the Province's certainty of cash flows to cover the interest and principal payments on the underlying debt the Province issues
  - Subordination is less of a concern as the Province owns 100% of OPG
  - Direct trade-off exists between adding debt-like features to the hybrid instruments and reducing their degree of equity treatment for OPG by credit rating agencies
  - However, the instruments have to demonstrate some degree of permanency to warrant equity treatment and the total amount that receive equity treatment is limited by credit rating agencies
- At its simplest, the Capital Injection could take the form of common shares to the Province
  - Normal dividends set by the OPG Board, which the Province has the ability to direct, to equal the interest payments on the underlying debt
  - Repayment of principal through special dividends as cash becomes available at OPG after receiving distributions from the SPV/Trust
- Investing at market value as opposed to book value is more of a concern when allocating value between new and existing shareholders, which in not applicable in this case

The Province should have a detailed discussion with OPG and its auditors, and ultimately, the credit rating agencies when evaluating its alternatives in the context of its objectives

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Disclaimer

These materials were prepared exclusively for the benefit and internal use of the TD Securities client to whom it is directly addressed and delivered in order to assist the Company in evaluating, on a preliminary basis, the feasibility of a possible transaction or transactions. These materials were compiled or prepared on a confidential basis solely and exclusively for the use of the Company and not with a view to public disclosure (whether under any securities laws or otherwise). The information is for discussion purposes only. These materials may not be used for any purpose other than as may be specifically contemplated by a written agreement with TD Securities.

The information in this presentation reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. TD Securities' opinions and estimates constitute TD Securities' judgment and should be regarded as indicative, preliminary and for illustrative purposes only. In preparing the materials, TD Securities has relied upon documents and information prepared or supplied to TD Securities from the Company and other sources, without independent verification by TD Securities. Any estimates and projections contained herein have been based upon estimates and projections contained in such documents and third party sources and there is no assurance that such estimates and projections will be realized. Neither TD Securities nor any of its employees, affiliates, advisors or representatives makes any representations (express or implied) as to the accuracy or completeness of such information contained herein and nothing contained herein is or shall be construed or relied upon as, a representation, whether as to the past, present or future. Nothing herein should be construed as tax, accounting or legal advice. TD Securities does not have any obligation to update or otherwise revise the materials and information contained herein.

TD Securities believes that these materials must be considered as a whole and that selecting portions of the analyses and the factors considered by TD Securities, without considering all of the factors and analyses together, could create a misleading view of the presentation. The preparation of a presentation such as this is complex and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lend to undue emphasis on any particular factor or analysis.

These materials must not be disclosed, copied or reproduced, distributed or passed to others at any time without the prior written consent of TD Securities.

Notwithstanding anything herein to the contrary, the Company and each of its employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Company relating to such tax treatment and tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income tax strategy provided to the Company by TD Securities.

TD Securities' policies prohibit employees from offering, directly or indirectly, a favorable research rating or specific price target, or offering to change a rating or price target, to a subject company as consideration or inducement for the receipt of business or for compensation. TD Securities also prohibits its research analysts from being compensated for involvement in investment banking transactions except to the extent that such participation is intended to benefit investors.

"TD Securities" is a trademark of The Toronto-Dominion Bank and represents TD Securities Inc., TD Securities (USA) LLC., TD Securities Ltd and certain investment and corporate banking activities of The Toronto-Dominion Bank and its regulated subsidiaries. The Toronto-Dominion Bank, TD Bank Europe Ltd and TD Securities Ltd are regulated for investment business conducted in the UK by the FSA. TD Global Finance is regulated for investment business conducted in Ireland by the Central Bank of Ireland. This document is prepared, issued or approved for issuance in the UK and Europe by TD Securities Ltd on behalf of or as agent and introducer for TD Bank.

These materials do not constitute a commitment by any TD Securities entity to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services.

From: John Kim
To: Bruno Amara; Salman Qadir; Adam Prokop
Cc: Shajee Kathirgamanathan; Gavin He
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date: Wednesday, April 26, 2017 4:43:30 PM

Any comments? I overlooked this email from Carlos.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.
- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.
- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.
- The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop

<Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

From:	John Kim
To:	Francisco Chinchon
Subject:	FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Wednesday, April 26, 2017 4:35:35 PM
Attachments:	Capital Injection Discussion (25-April-17).pdf

I had missed this….

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

TD Securities

A Confidential Presentation

Capital Injection Discussion

April 25, 2017

Presented By

Introduction

- The Province of Ontario (the "Province") is considering alternatives to fund its capital injection (the "Capital Injection") into Ontario Power Generation Inc. ("OPG"), which represents 44% of the Global Adjustment deferral financing requirement
- When evaluating the Province's alternatives, TD Securities Inc. ("TD Securities") understands that the Province's objectives are:
  1. **Equity Treatment:** Ensuring that the Capital Injection is treated as equity so as to mitigate the credit rating impact to OPG associated with 100% consolidation of the Special Purpose Vehicle ("SPV")/Trust
  2. **Managing Cash Flows for Interest Payments:** Timing, size, and priority of cash flows to repay interest used to fund the Capital Injection
  3. **Managing Cash Flows for Debt Repayments**: Timing, size, and priority of cash flows to repay the maturing principal for debt used to fund the Capital Injection
- In addition, simplicity is preferred to a complex structure

Capital Injection Options

	Common Equity	Preferred Equity	Fixed-to-Floating Sub. Notes, Convertible to Preferred Equity[1]	Mandatory Convertible Preferred Equity
Characteristics				
Instrument	▪ Equity instrument with no fixed dividend	▪ Preferred equity instrument with a fixed, floating, or resettable dividend	▪ A fixed income instrument with a fixed rate, which automatically converts into floating rate preferred shares, subject to an issuer cash redemption feature	▪ A preferred equity instrument that pays fixed, floating, or resettable dividends, which automatically converts into common equity
Capital Structure Ranking	▪ Lowest priority	▪ Priority to common equity	▪ Until converted, usually ranks higher than preferred equity, but lower than other fixed income instruments	▪ Priority to common equity until converted
OPG Tax Treatment	▪ Dividends are not tax-deductible	▪ Dividends are not tax-deductible	▪ Initial interest payments tax-deductible	▪ Dividends are not tax-deductible
DBRS Equity Treatment Methodology	▪ Considered equity	▪ Allocated an equity percentage (100% to 0%) based on (1) permanence, (2) subordination, and (3) legal implications (default considerations) ▪ Any less "equity-like" features reduce equity weighting allocated to the instrument ▪ Hybrid instruments[2] can receive 100% equity treatment, but limited to a quantity proportionate to 20% of common equity ▪ 100% of preferred dividends or interest payments are subtracted from cash flow credit metrics, regardless of equity treatment ▪ Cannot have a investor cash redemption provision to be considered equity		
S&P Equity Treatment Methodology	▪ Considered equity	▪ Hybrids placed into one of three categories based on equity content for purposes of calculating credit metrics: • High: 100% equity; Intermediate: 50% equity, 50% debt; Minimal: 0% equity ▪ Key considerations are: (1) ongoing payments, (2) permanence, and (3) subordination / credit default cushion ▪ Generally, equity content treatment applies to hybrids in proportions equal to or below 15% of total capitalization ▪ Same equity treatment methodology is applied in calculating cash flow credit metrics ▪ Must have at least 20 years or more remaining to the effective maturity to be given any equity content, subject to other features		
Objectives				
1. Equity Treatment	▪ Considered equity	▪ Typically given 50% and 100% equity treatment by S&P and DBRS, respectively, subject to quantity limits	▪ Recent hybrid sub-debt offerings given intermediate equity content by S&P ▪ Quantity limited by DBRS & S&P	▪ Typically given 100% equity treatment, depending on conversion length ▪ Quantity limited by DBRS & S&P
2. Cash Flows for Interest Payments	▪ By way of dividends ▪ **Dividend Timing:** flexible (monthly, quarterly, yearly) ▪ **Dividend Size:** flexible ▪ **Dividend Priority:** can be deferred indefinitely	▪ By way of preferred dividends ▪ **Dividend Timing:** fixed ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends • Cumulative or non-cumulative	▪ By way of fixed interest payments until converted ▪ **Interest Timing:** flexible at initiation ▪ **Interest Rate:** flexible at initiation ▪ **Interest Priority:** can be deferred indefinitely, but prioritized above common dividends	▪ By way of preferred dividends until converted ▪ **Dividend Timing:** flexible at initiation ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends until converted
3. Cash Flows for Debt Principal Payments	▪ Special dividends can be utilized to match timing of principal repayments	▪ Little incentive for principal repayment unless other features are added	▪ Interest rate step-up incentivizes redemption by the issuer at conversion, but may affect equity treatment	▪ Once converted, special dividends can be utilized to match timing of principal repayments

(1) Also referred to as U.S. Hybrids, with recent examples including TransCanada's US$1.25B offering in February 2017 and Emera's US$1.2B offering in June 2016
(2) Instruments that have both debt-like and equity-like features

Discussion

- Common equity provides the most flexibility to OPG with respect to:
  - Greater certainty in attaining equity treatment by credit rating agencies
  - Cash flow timing in the event that SPV/Trust payments are delayed
- Hybrid instruments(1) are an alternative in satisfying the Province's Capital Injection into OPG
  - Companies usually issue hybrids for specific purposes related to access to capital markets, credit rating, equity dilution, and tax considerations
- Two considerations required for OPG to consolidate the SPV/Trust that may directly affect the timing and amount of cash available to pay the Province are:
  - **Decision Making** – OPG needs to make funding / dividend decisions independent of the Province
  - **Business Risk** – OPG needs to demonstrate that it has variability of returns
- The two above considerations may result in cash not being distributed from the SPV/Trust to OPG, such that OPG cannot pay a dividend or special dividend to the Province
- Additionally, the dividend / interest rate on the Province's Capital Injection relative to the interest rate of the debt issued by the Province and the debt issued to OPG by the SPV/Trust determines where the excess cash will accumulate

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Discussion (cont'd)

- Hybrid instruments(1) can be used to increase the Province's certainty of cash flows to cover the interest and principal payments on the underlying debt the Province issues
  - Subordination is less of a concern as the Province owns 100% of OPG
  - Direct trade-off exists between adding debt-like features to the hybrid instruments and reducing their degree of equity treatment for OPG by credit rating agencies
  - However, the instruments have to demonstrate some degree of permanency to warrant equity treatment and the total amount that receive equity treatment is limited by credit rating agencies
- At its simplest, the Capital Injection could take the form of common shares to the Province
  - Normal dividends set by the OPG Board, which the Province has the ability to direct, to equal the interest payments on the underlying debt
  - Repayment of principal through special dividends as cash becomes available at OPG after receiving distributions from the SPV/Trust
- Investing at market value as opposed to book value is more of a concern when allocating value between new and existing shareholders, which in not applicable in this case

The Province should have a detailed discussion with OPG and its auditors, and ultimately, the credit rating agencies when evaluating its alternatives in the context of its objectives

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Disclaimer

These materials were prepared exclusively for the benefit and internal use of the TD Securities client to whom it is directly addressed and delivered in order to assist the Company in evaluating, on a preliminary basis, the feasibility of a possible transaction or transactions. These materials were compiled or prepared on a confidential basis solely and exclusively for the use of the Company and not with a view to public disclosure (whether under any securities laws or otherwise). The information is for discussion purposes only. These materials may not be used for any purpose other than as may be specifically contemplated by a written agreement with TD Securities.

The information in this presentation reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. TD Securities' opinions and estimates constitute TD Securities' judgment and should be regarded as indicative, preliminary and for illustrative purposes only. In preparing the materials, TD Securities has relied upon documents and information prepared or supplied to TD Securities from the Company and other sources, without independent verification by TD Securities. Any estimates and projections contained herein have been based upon estimates and projections contained in such documents and third party sources and there is no assurance that such estimates and projections will be realized. Neither TD Securities nor any of its employees, affiliates, advisors or representatives makes any representations (express or implied) as to the accuracy or completeness of such information contained herein and nothing contained herein is or shall be construed or relied upon as, a representation, whether as to the past, present or future. Nothing herein should be construed as tax, accounting or legal advice. TD Securities does not have any obligation to update or otherwise revise the materials and information contained herein.

TD Securities believes that these materials must be considered as a whole and that selecting portions of the analyses and the factors considered by TD Securities, without considering all of the factors and analyses together, could create a misleading view of the presentation. The preparation of a presentation such as this is complex and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lend to undue emphasis on any particular factor or analysis.

These materials must not be disclosed, copied or reproduced, distributed or passed to others at any time without the prior written consent of TD Securities.

Notwithstanding anything herein to the contrary, the Company and each of its employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Company relating to such tax treatment and tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income tax strategy provided to the Company by TD Securities.

TD Securities' policies prohibit employees from offering, directly or indirectly, a favorable research rating or specific price target, or offering to change a rating or price target, to a subject company as consideration or inducement for the receipt of business or for compensation. TD Securities also prohibits its research analysts from being compensated for involvement in investment banking transactions except to the extent that such participation is intended to benefit investors.

"TD Securities" is a trademark of The Toronto-Dominion Bank and represents TD Securities Inc., TD Securities (USA) LLC., TD Securities Ltd and certain investment and corporate banking activities of The Toronto-Dominion Bank and its regulated subsidiaries. The Toronto-Dominion Bank, TD Bank Europe Ltd and TD Securities Ltd are regulated for investment business conducted in the UK by the FSA. TD Global Finance is regulated for investment business conducted in Ireland by the Central Bank of Ireland. This document is prepared, issued or approved for issuance in the UK and Europe by TD Securities Ltd on behalf of or as agent and introducer for TD Bank.

These materials do not constitute a commitment by any TD Securities entity to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services.

From:	John Kim
To:	John Kim
Subject:	FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Tuesday, May 02, 2017 11:25:38 AM
Attachments:	Capital Injection Discussion (25-April-17).pdf

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

TD Securities

A Confidential Presentation

Capital Injection Discussion

April 25, 2017

Presented By

Introduction

- The Province of Ontario (the "Province") is considering alternatives to fund its capital injection (the "Capital Injection") into Ontario Power Generation Inc. ("OPG"), which represents 44% of the Global Adjustment deferral financing requirement
- When evaluating the Province's alternatives, TD Securities Inc. ("TD Securities") understands that the Province's objectives are:
  1. **Equity Treatment:** Ensuring that the Capital Injection is treated as equity so as to mitigate the credit rating impact to OPG associated with 100% consolidation of the Special Purpose Vehicle ("SPV")/Trust
  2. **Managing Cash Flows for Interest Payments:** Timing, size, and priority of cash flows to repay interest used to fund the Capital Injection
  3. **Managing Cash Flows for Debt Repayments**: Timing, size, and priority of cash flows to repay the maturing principal for debt used to fund the Capital Injection
- In addition, simplicity is preferred to a complex structure

Capital Injection Options

	Common Equity	Preferred Equity	Fixed-to-Floating Sub. Notes, Convertible to Preferred Equity[1]	Mandatory Convertible Preferred Equity
Characteristics				
Instrument	▪ Equity instrument with no fixed dividend	▪ Preferred equity instrument with a fixed, floating, or resettable dividend	▪ A fixed income instrument with a fixed rate, which automatically converts into floating rate preferred shares, subject to an issuer cash redemption feature	▪ A preferred equity instrument that pays fixed, floating, or resettable dividends, which automatically converts into common equity
Capital Structure Ranking	▪ Lowest priority	▪ Priority to common equity	▪ Until converted, usually ranks higher than preferred equity, but lower than other fixed income instruments	▪ Priority to common equity until converted
OPG Tax Treatment	▪ Dividends are not tax-deductible	▪ Dividends are not tax-deductible	▪ Initial interest payments tax-deductible	▪ Dividends are not tax-deductible
DBRS Equity Treatment Methodology	▪ Considered equity	▪ Allocated an equity percentage (100% to 0%) based on (1) permanence, (2) subordination, and (3) legal implications (default considerations) ▪ Any less "equity-like" features reduce equity weighting allocated to the instrument ▪ Hybrid instruments[2] can receive 100% equity treatment, but limited to a quantity proportionate to 20% of common equity ▪ 100% of preferred dividends or interest payments are subtracted from cash flow credit metrics, regardless of equity treatment ▪ Cannot have a investor cash redemption provision to be considered equity		
S&P Equity Treatment Methodology	▪ Considered equity	▪ Hybrids placed into one of three categories based on equity content for purposes of calculating credit metrics: • High: 100% equity; Intermediate: 50% equity, 50% debt; Minimal: 0% equity ▪ Key considerations are: (1) ongoing payments, (2) permanence, and (3) subordination / credit default cushion ▪ Generally, equity content treatment applies to hybrids in proportions equal to or below 15% of total capitalization ▪ Same equity treatment methodology is applied in calculating cash flow credit metrics ▪ Must have at least 20 years or more remaining to the effective maturity to be given any equity content, subject to other features		
Objectives				
1. Equity Treatment	▪ Considered equity	▪ Typically given 50% and 100% equity treatment by S&P and DBRS, respectively, subject to quantity limits	▪ Recent hybrid sub-debt offerings given intermediate equity content by S&P ▪ Quantity limited by DBRS & S&P	▪ Typically given 100% equity treatment, depending on conversion length ▪ Quantity limited by DBRS & S&P
2. Cash Flows for Interest Payments	▪ By way of dividends ▪ **Dividend Timing:** flexible (monthly, quarterly, yearly) ▪ **Dividend Size:** flexible ▪ **Dividend Priority:** can be deferred indefinitely	▪ By way of preferred dividends ▪ **Dividend Timing:** fixed ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends • Cumulative or non-cumulative	▪ By way of fixed interest payments until converted ▪ **Interest Timing:** flexible at initiation ▪ **Interest Rate:** flexible at initiation ▪ **Interest Priority:** can be deferred indefinitely, but prioritized above common dividends	▪ By way of preferred dividends until converted ▪ **Dividend Timing:** flexible at initiation ▪ **Dividend Rate:** flexible at initiation ▪ **Dividend Priority:** can be deferred indefinitely, but prioritized above common dividends until converted
3. Cash Flows for Debt Principal Payments	▪ Special dividends can be utilized to match timing of principal repayments	▪ Little incentive for principal repayment unless other features are added	▪ Interest rate step-up incentivizes redemption by the issuer at conversion, but may affect equity treatment	▪ Once converted, special dividends can be utilized to match timing of principal repayments

(1) Also referred to as U.S. Hybrids, with recent examples including TransCanada's US$1.25B offering in February 2017 and Emera's US$1.2B offering in June 2016
(2) Instruments that have both debt-like and equity-like features

Discussion

- Common equity provides the most flexibility to OPG with respect to:
  - Greater certainty in attaining equity treatment by credit rating agencies
  - Cash flow timing in the event that SPV/Trust payments are delayed
- Hybrid instruments(1) are an alternative in satisfying the Province's Capital Injection into OPG
  - Companies usually issue hybrids for specific purposes related to access to capital markets, credit rating, equity dilution, and tax considerations
- Two considerations required for OPG to consolidate the SPV/Trust that may directly affect the timing and amount of cash available to pay the Province are:
  - **Decision Making** – OPG needs to make funding / dividend decisions independent of the Province
  - **Business Risk** – OPG needs to demonstrate that it has variability of returns
- The two above considerations may result in cash not being distributed from the SPV/Trust to OPG, such that OPG cannot pay a dividend or special dividend to the Province
- Additionally, the dividend / interest rate on the Province's Capital Injection relative to the interest rate of the debt issued by the Province and the debt issued to OPG by the SPV/Trust determines where the excess cash will accumulate

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Discussion (cont'd)

- Hybrid instruments(1) can be used to increase the Province's certainty of cash flows to cover the interest and principal payments on the underlying debt the Province issues
  - Subordination is less of a concern as the Province owns 100% of OPG
  - Direct trade-off exists between adding debt-like features to the hybrid instruments and reducing their degree of equity treatment for OPG by credit rating agencies
  - However, the instruments have to demonstrate some degree of permanency to warrant equity treatment and the total amount that receive equity treatment is limited by credit rating agencies
- At its simplest, the Capital Injection could take the form of common shares to the Province
  - Normal dividends set by the OPG Board, which the Province has the ability to direct, to equal the interest payments on the underlying debt
  - Repayment of principal through special dividends as cash becomes available at OPG after receiving distributions from the SPV/Trust
- Investing at market value as opposed to book value is more of a concern when allocating value between new and existing shareholders, which in not applicable in this case

The Province should have a detailed discussion with OPG and its auditors, and ultimately, the credit rating agencies when evaluating its alternatives in the context of its objectives

(1) Instruments that have both debt-like and equity-like features, including the preferred equity, fixed-to-floating sub. notes, convertible to preferred equity, and mandatory convertible preferred equity discussed on page 3

Disclaimer

These materials were prepared exclusively for the benefit and internal use of the TD Securities client to whom it is directly addressed and delivered in order to assist the Company in evaluating, on a preliminary basis, the feasibility of a possible transaction or transactions. These materials were compiled or prepared on a confidential basis solely and exclusively for the use of the Company and not with a view to public disclosure (whether under any securities laws or otherwise). The information is for discussion purposes only. These materials may not be used for any purpose other than as may be specifically contemplated by a written agreement with TD Securities.

The information in this presentation reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. TD Securities' opinions and estimates constitute TD Securities' judgment and should be regarded as indicative, preliminary and for illustrative purposes only. In preparing the materials, TD Securities has relied upon documents and information prepared or supplied to TD Securities from the Company and other sources, without independent verification by TD Securities. Any estimates and projections contained herein have been based upon estimates and projections contained in such documents and third party sources and there is no assurance that such estimates and projections will be realized. Neither TD Securities nor any of its employees, affiliates, advisors or representatives makes any representations (express or implied) as to the accuracy or completeness of such information contained herein and nothing contained herein is or shall be construed or relied upon as, a representation, whether as to the past, present or future. Nothing herein should be construed as tax, accounting or legal advice. TD Securities does not have any obligation to update or otherwise revise the materials and information contained herein.

TD Securities believes that these materials must be considered as a whole and that selecting portions of the analyses and the factors considered by TD Securities, without considering all of the factors and analyses together, could create a misleading view of the presentation. The preparation of a presentation such as this is complex and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lend to undue emphasis on any particular factor or analysis.

These materials must not be disclosed, copied or reproduced, distributed or passed to others at any time without the prior written consent of TD Securities.

Notwithstanding anything herein to the contrary, the Company and each of its employees, representatives or other agents may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that are provided to the Company relating to such tax treatment and tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income tax strategy provided to the Company by TD Securities.

TD Securities' policies prohibit employees from offering, directly or indirectly, a favorable research rating or specific price target, or offering to change a rating or price target, to a subject company as consideration or inducement for the receipt of business or for compensation. TD Securities also prohibits its research analysts from being compensated for involvement in investment banking transactions except to the extent that such participation is intended to benefit investors.

"TD Securities" is a trademark of The Toronto-Dominion Bank and represents TD Securities Inc., TD Securities (USA) LLC., TD Securities Ltd and certain investment and corporate banking activities of The Toronto-Dominion Bank and its regulated subsidiaries. The Toronto-Dominion Bank, TD Bank Europe Ltd and TD Securities Ltd are regulated for investment business conducted in the UK by the FSA. TD Global Finance is regulated for investment business conducted in Ireland by the Central Bank of Ireland. This document is prepared, issued or approved for issuance in the UK and Europe by TD Securities Ltd on behalf of or as agent and introducer for TD Bank.

These materials do not constitute a commitment by any TD Securities entity to underwrite, subscribe for or place any securities or to extend or arrange credit or to provide any other services.

From:	John Kim
To:	Ronald Kwan
Subject:	FW: Preferred equity treatment
Date:	Tuesday, May 02, 2017 2:41:47 PM
Attachments:	SP - Hybrid Capital Handbook 2008 Edition.pdf Preferred equity treatment.msg

Fyi, might be helpful if the discussion comes up. This ties in with TD's deck which I sent you last weekend.

From: John Kim
Sent: Tuesday, May 02, 2017 1:11 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Preferred equity treatment

Hi Ken, Carlos,

Members of EFB dug up some information which might be relevant.

Need more assessment but involving consolidated entities, the threshold may not apply.

I, for one, am not sure if the all the additional hybrid features are necessary but wanted to ensure we are informed. This may require a follow up question or two to the experts to confirm.

Thanks,

John

From: Salman Qadir
Sent: Tuesday, May 02, 2017 12:48 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Here is S&P's handbook – although there have been various amendments issued since 2008 that would need to be checked. It states the following but need to review in more detail:

Pg 33.
We include any hybrid capital issuance in excess of 15% in the numerator of our leverage calculations. We do not generally recognize hybrid issuance of operating companies (reflected also as hybrid capital in the relevant parent's consolidated financial statements) as such in our consolidated capital adequacy analysis (see table 4)

Salman

STANDARD & POOR'S RATINGS SERVICES
McGRAW HILL FINANCIAL

RatingsDirect®

Criteria | Insurance | General:

Hybrid Capital Handbook: September 2008 Edition

Financial Institutions Ratings:
Nik Khakee, New York (1) 212-438-2473; nik.khakee@standardandpoors.com

Corporates Ratings:
Peter Kernan, London (44) 20-7176-3618; peter.kernan@standardandpoors.com
Todd A Shipman, CFA, Boston (1) 617-530-8241; todd.shipman@standardandpoors.com
Thomas Jacquot, Sydney (61) 2-9255-9872; thomas.jacquot@standardandpoors.com
Takamasa Yamaoka, Tokyo (81) 3-4550-8719; takamasa_yamaoka@standardandpoors.com

Insurance Ratings:
Ron A Joas, CPA, New York (1) 212-438-3131; ron.joas@standardandpoors.com
Mark Button, London (44) 20-7176-7045; mark.button@standardandpoors.com

Financial Institutions Ratings and Insurance Ratings:
Michelle M Brennan, London (44) 20-7176-7205; michelle.brennan@standardandpoors.com
Emmanuel Dubois-Pelerin, Paris (33) 1-4420-6673; emmanuel.dubois-pelerin@standardandpoors.com

Table Of Contents

Working With Standard & Poor's On Hybrid Capital Matters

Equity Content: Guiding Principles

Equity Content: Ongoing Payments

Equity Content: Permanence

Equity Credit: Subordination/Cushion For Creditors In The Event Of Default

Equity Content Categories

Applying Hybrid Capital Equity Content Assessment In Credit Analysis

1407205 | 301135087

Table Of Contents (cont.)

Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Corporate Methodology

Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Financial Institutions Methodology (Excluding Insurance)

Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Nonbank Financial Institutions Methodology

Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Insurance Methodology

Issue Features

Issue Features: Optional Deferral

Issue Features: Mandatory Deferral

Issue Features: Maturities/Scheduled Maturities

Issue Features: Call Provisions

Issue Features: Step-Ups, Resets, Remarketing

Issue Features: Replacement Capital Covenants

Issue Features: Market Disruption Events (MDEs)

Issue Features: Dividend Stoppers, Look-Backs, And Pushers

Issue Features: Alternative Payment Mechanisms/Alternative Coupon-Settlement Mechanisms (APM/ACSM)

Issue Features: Conversion Into Common Stock And Share Settlement

Rating The Issue

Rating The Issue: Subordination

Rating The Issue: Deferral

Rating The Issue: Factoring Payment Risk Into Issue Ratings

Rating The Issue: Default And Distress

Rating The Issue : Government Support

Rating The Issue: The Rating Approach To PIK Debt

Table Of Contents (cont.)

Rating The Issue: Equity Unit Ratings

How Have Hybrid Capital Issues Performed?

Appendix

Criteria | Insurance | General:

Hybrid Capital Handbook: September 2008 Edition

*(**Editor's Note:** This criteria article was originally published on May 12, 2008. We are republishing this article following our periodic review completed on March 30, 2015.*

This article supersedes the articles "Issuing Equity Hybrids Via A Corporate Issuer's Operating Subsidiaries," published on July 26, 2007, and "Flexible Gapping Of Ratings Reflects Regional Variations In Structural Subordination As Well As Differing Debt-Servicing Capacities," published on May 25, 2005. This article also partially supersedes "Holding Company Analysis," published June 11, 2009.

This article has been partially superseded. Table 4a has been superseded by table 3 of "Refined Methodology And Assumptions For Analyzing Insurer Capital Adequacy Using The Risk-Based Insurance Capital Model," published June 7, 2010. The section titled "Issue Features: Dividend Stoppers, Look-Backs, And Pushers" has been superseded by the article titled, "Methodology: Hybrid Capital Issue Features: Update On Dividend Stoppers, Look-Backs, And Pushers," published on Feb. 10, 2010. The article titled, "Bank Hybrid Capital Methodology And Assumptions," published on Nov. 1, 2011, has partially superseded references to financial institutions; it has itself been fully superseded by the article with the same title, published Jan. 29, 2015. The article titled "Methodology And Assumptions: Assigning Equity Content To Corporate Entity And North American Insurance Holding Company Hybrid Capital Instruments," published on April 1, 2013, supersedes references to "high" equity content for corporate issuers and certain North American insurance holding company issuers, and also amends references to the role of management intent. The section below, titled "Rating The Issue: Default And Distress," has been superseded by "Use Of 'C' And 'D' Issue Credit Ratings For Hybrid Capital And Payment-In-Kind Instruments," published Oct. 24, 2013. The section titled "Corporate methodology: Leveraged buy-out equity hybrids: Too good to be true" has been superseded by "The Treatment Of Non-Common Equity Financing In Nonfinancial Corporate Entities," published April 29, 2014.)

Financing with common stock (i.e., common shares) is the best alternative from the perspective of an issuer's credit quality. Common stock has no maturity. If dividends are paid at all, they are discretionary--at least for most types of entities, in most countries. Moreover, common stock is subordinated to all the company's debt obligations and other liabilities. Yet, common stock is expensive in the eyes of issuers, since dividends are generally not tax deductible. Also, stockholders, as owners, have full participation in the company's upside, and issuing common stock dilutes existing shareholders' ownership interest.

Hybrid capital instruments have been developed with the goal of gaining recognition as being equity-like—that is, being granted "equity content" by Standard & Poor's Ratings Services and by other rating agencies--and, in some cases, being treated as capital by regulators. At the same time, these instruments are generally more cost-effective (e.g., by being tax deductible) than common stock, and typically do not affect the earnings-per-share denominator.

In assessing equity content, we pay close attention to the instrument's individual features. Ultimately, though, we take a holistic approach, considering the overall effect of the issue on the issuer's credit profile. In some cases, the issue's strengths can offset its weaknesses.

In assessing equity content, we use a common analytical framework across all sectors and geographic regions, categorizing equity content as "high," "intermediate," or "minimal" based on guidelines we have developed. We have a somewhat different perspective on issues of investment-grade issuers as compared to speculative-grade issuers, given

differences in the relevant time frame and other pertinent rating considerations. Importantly, we always take account of the issuer's particular circumstances, including management's financial policies. In assessing the credit implications of any actual transaction, issuer-specific considerations can always trump any generalized conclusions we might reach about an instrument.

Inevitably, across different sectors, there are varying approaches to incorporating conclusions reached about the instrument into the quantitative analysis, given differences in financial characteristics and measures. In any case, ratios tell only part of the story.

In assessing an instrument's equity content, we try to look past form, and focus on the economic substance. The past few years have seen a proliferation of instrument types and features. Some issues, in seeking to meet the varying preferences of different constituents, have become exceedingly complex. From our perspective, complexity often detracts from equity content: As it becomes more and more difficult to fathom how matters could play out under different scenarios, the potential for unintended consequences increases. Once there is a longer track record with such structures, our comfort level could grow.

In determining an issuer credit rating (ICR), the utilization of hybrid capital is just one of many factors that need to be considered. In fact, it is rare for this one factor in and of itself to be critically significant to the ICR outcome.

In their most common forms, hybrid capital instruments afford equity benefit to issuers, in part, by having ongoing payment requirements that are more flexible than interest payments associated with nondeferrable senior debt, and by being contractually subordinated to such debt. Obviously, these characteristics make the instruments more risky for investors than nondeferrable debt. In assigning issue ratings to equity hybrids, we seek to reflect the incremental risks associated with the issue in terms of payment timeliness and principal recovery compared to nondeferrable debt. We typically reflect these risks in our issue ratings on equity hybrids by assigning them ratings that are lower than those on nondeferrable debt.

We continually reassess our hybrid capital criteria as instrument structuring innovations and other market developments warrant. Please check RatingsDirect for subsequent criteria updates.

Working With Standard & Poor's On Hybrid Capital Matters

We formed our New Instruments Committee (NIC) in early 2006, primarily to centralize our criteria-setting with respect to hybrid capital-related matters. The NIC is comprised of senior analysts across all relevant sectors and regions. Analysts closely involved in our hybrid capital criteria development activities are listed in table 1.

Table 1

Hybrid Capital Criteria Analysts

Analyst	Location	Telephone	Email	Sector
Vincent Allilaire**	London	(44) 20-7176-3628	vincent_allilaire@standardandpoors.com	Corporates
David Anthony**	London	(44) 20-7176-7010	david_anthony@standardandpoors.com	Insurance
Angelica Bala**	Mexico City	(52) 55-5081-4405	Angelica_Bala@standardandpoors.com	Financial Institutions
Michelle Brennan*	London	(44) 20-7176-7205	michelle_brennan@standardandpoors.com	Financial Institutions

Table 1

Hybrid Capital Criteria Analysts (cont.)				
Scott Bugie*	Paris	(33) 1-4420-6680	scott_bugie@standardandpoors.com	Financial Institutions
Mark Button**	London	(44) 20-7176-7045	mark_button@standardandpoors.com	Insurance
Terry Chan*	Melbourne	(61) 3-9631-2174	terry_chan@standardandpoors.com	Financial Institutions
Paul Draffin*	Melbourne	(61) 3-9631-2122	paul_draffin@standardandpoors.com	Corporates
Emmanuel Dubois-Pelerin*	Paris	(33) 1-4420-6673	emmanuel_dubois-pelerin@standardandpoors.com	Corporates
Gail I. Hessol*	New York	(1) 212-438-6606	gail_hessol@standardandpoors.com	(general)
Rob Jones*	London	(44) 20-7176-7041	rob_jones@standardandpoors.com	Insurance
David A. Kaplan*	New York	(1) 212-438-5649	david_a_kaplan@standardandpoors.com	(general)
Rosaleen Manzi**, Esq.	New York	(1) 212-438-6609	rosaleen_manzi@standardandpoors.com	Legal
Curt Moulton*	New York	(1) 212-438-2064	curt_moulton@standardandpoors.com	(general)
Solomon B Samson*	New York	(1) 212-438-7653	sol_samson@standardandpoors.com	Corporates
Jacob L Schlanger*	New York	(1) 212-438-7238	jacob_schlanger@standardandpoors.com	Insurance
Scott Sprinzen*	New York	(1) 212-438-7812	scott_sprinzen@standardandpoors.com	Financial Institutions
Calvin R Wong**	New York	(1) 212-438-7495	calvin_wong@standardandpoors.com	Structured
Takamasa Yamaoka*	Tokyo	(81) 3-4550-8719	takamasa_yamaoka@standardandpoors.com	(general)

*New Instruments Committee member. **New Instruments Committee adjunct member.

Anyone with questions about our hybrid capital criteria should feel free to contact any of the individuals listed. In addition, the NIC offers feedback to investment bankers and issuers who are developing new instrument structures. We provide a preliminary and generic assessment of the equity content, and the notching that would be applied in rating the issue, on a confidential basis. Such feedback is subject to our review of the final terms and conditions of the issue, if there is an actual transaction, as well as to consideration of issuer-specific factors.

To have a new structure assessed, investment bankers and issuers should contact any of the individuals listed. It facilitates the discussion if the instrument is described in the form of an indicative term sheet. The NIC seeks to provide feedback expeditiously. The NIC routinely meets twice per month, but additional meetings can generally be convened to address pending priority matters, as necessary. In the overwhelming majority of cases, we communicate our conclusions informally; however, we provide formal, written feedback in certain circumstances, as appropriate. If an issuer is proposing an issue of a structure for which close precedents already exist, it is most efficient to contact the primary analyst responsible for the issuer, or others on the coverage team. Members of the NIC will be involved, as necessary, in assisting with the review of the instrument terms and to ensure the consistent application of criteria.

If the issuer is contemplating financing strategies involving issuance of different hybrid capital instruments, and wants to have definitive formal feedback regarding the potential rating ramifications, this exercise lends itself to our Rating Evaluation Service. The issuer can obtain information about this service by contacting their respective Client Business Manager or the following regional contacts:

- North America: Terrence Streicher, VP-Rating Evaluation Service Product Manager; New York; (1) 212-438-7196; terrence_streicher@standardandpoors.com
- Europe, Middle East, Africa: Ian Byrne, Director, Commercial & Product Management; London; (44) 0-207-176-3633; ian_byrne@standardandpoors.com
- Asia-Pacific: Denis O'Sullivan, Vice President, Client Relationship Group Asia Pacific; Hong Kong; (852) 2533-3522;

denis_osullivan@standardandpoors.com

Equity Content: Guiding Principles

What constitutes equity in the first place? Traditional common stock--the paradigm equity instrument--sets the standard. But equity is not a monolithic concept; rather, it has several positive characteristics:

- Equity requires no ongoing payments that could lead to default;
- It has no maturity or repayment requirement, and is expected to remain as a permanent feature of the enterprise's capital structure; and
- It provides a cushion for creditors in case of bankruptcy.

Equity hybrids possess some--or all--of these characteristics to some degree. Yet, because equity has these several defining attributes, a specific security can have a mixed impact. Hybrid securities, by their very nature, can be equity-like in some respects and debt-like in others. Moreover, the specific features may provide the positive characteristic only to a limited extent.

In any event, the security's economic impact is most relevant; its nomenclature is a secondary consideration. A transaction labeled debt for accounting or tax purposes may still be viewed as equity for rating purposes, and vice versa.

In the case of regulated banks and insurance companies, aside from our own analytical views about the characteristics of a given hybrid capital instrument, we must also take account of the regulators' views. Indeed, this can be a key consideration. In many jurisdictions regulators have the authority and power to intervene in the operations of a bank or insurance company, and they determine whether to do so based, in part, on their own assessment of capital adequacy. Regulators' capital policies strongly influence bank hybrid capital issues' terms--and this is increasingly the case in insurers' issues. Not only will the structure of a hybrid instrument be influenced by regulatory treatment, but the redemption of hybrid capital instruments typically is also subject to regulatory review. Regulators can intervene to enforce the suspension or nonpayment of hybrid coupon payments, restrict the amount of hybrids that an entity can issue, and require any redeemed hybrid to be replaced with an instrument of equivalent equity content. Thus, as explained below, our analytical assessment of regulated issuers' hybrid capital instruments is typically anchored in the regulator treatment.

Equity Content: Ongoing Payments

A company generally pays dividends on its common stock only at its discretion: There is no fixed requirement to do so that could lead to default and bankruptcy if the common dividend were cut or eliminated.

In practice, though, once a company has established a record of paying a common dividend, it will be loath to reduce the payment, given management's likely concerns about capital markets perceptions. Common dividend reductions are seen as a signal that the company's prospects are clouded, and market perception can be a powerful consideration in management's decision making. As a consequence, some distressed companies continue paying their common

dividends, even though they arguably have more pressing uses for the cash. In this way, the common dividend can act like a fixed charge, draining the company, over time, of funds needed to bolster operations. Yet, whatever the pressure to pay common dividends, the company always retains some discretion, whatever the pressure to pay common dividends.

Most types of hybrid capital instruments have a stated dividend or coupon rate, but the payment either may be deferred or forgone at the discretion of management or a regulator, or must be deferred or forgone with the breach of a predefined trigger, or both. We assume that management or a regulator would always have greater reluctance to pass on the hybrid payment than to reduce or eliminate the common dividend. This is the hybrid capital market's clear expectation, as reflected in issue pricing, and borne out by historical experience. Accordingly, this distinguishes hybrid capital issues from common equity, in terms of the benefit to the issuer.

The longer a company can defer or skip payments, the better. An open-ended ability to defer or skip payments until financial health is restored is optimal. As a practical matter, the ability to forgo payments for up to five years or so is most critical in helping to prevent a general default. If the company cannot restore financial health in five years, it probably never will.

In addition, the fewer restrictions imposed on the company's ability to defer or forgo payments, the better. For example, some issues include a "look-back" provision under which the company can only defer or forgo payments after some minimum period of time has elapsed since the last common dividend was paid. In other instances, there is a requirement—for example, under the corporate charter or the national corporate legal framework-–that any dividend changes be approved at the annual shareholders' meeting. Or there may be other preconditions that must be satisfied, such as the breach of certain financial tests. With any such restrictions, the company's ability to react to worsening circumstances by deferring or forgoing payments can be considerably hampered, and so such features undermine equity content. (See section "Issue Features: Dividend Stoppers, Look-Backs, And Pushers.") (Note: It is typical for a hybrid capital issue to include a so-called "common dividend stopper"--a provision under which the company is prohibited from paying common dividends while it is deferring or forgoing hybrid issue payments. We generally view such a stipulation as a neutral factor from a credit perspective. On the one hand, eliminating both the common dividend and the hybrid payment together maximizes the overall cash conserved. On the other hand, the link between the two may increase the reluctance of the issuer to forgo paying on the hybrid. Thus, a common dividend stopper is not essential to our assessment of the equity content afforded the hybrid issue.)

In the case of hybrid capital issues with optional deferral provisions, we are generally indifferent to the choice between instruments with cumulative payments (which, when deferred, still accrue, and ultimately must be made up) and noncumulative payments (where there is no obligation to address missed payments). With noncumulative instruments, it may be easier for the issuer to recover after deferring, since there is no arrearage to be repaid. However, given the more severe consequences for investors, the company may be somewhat more reluctant to forgo payments on noncumulative instruments in the first place.

Naturally, any instrument feature that discourages the issuer from exercising the right to defer optionally is detrimental to equity content. This is one of the key aspects that we analyze when we assess hybrid capital securities' equity content. Such features include:

- Penalty rates. In the case of cumulative issues, if deferred payments accrue at a rate that is higher than the normal payment rate, we view this as clearly intended to discourage deferral.
- Alternative payment mechanisms (a.k.a., alternative coupon settlement mechanisms; see section "Issue Features: Alternative Payment Mechanisms/Alternative Coupon Settlement Mechanisms (APM/ACSM)"). In the case of some cumulative issues, the company must issue stock--common or preferred--once it has deferred for a certain period of time. If this requirement only becomes effective after five years of deferring, we don't view this as a significant negative. When management (or a regulator) is first weighing the decision to defer, this limitation is unlikely to be a significant consideration. However, if the requirement becomes effective earlier—especially if it is only after one or two years--companies might well want to avoid such a requirement, and so be even more reluctant than usual to defer in the first place.
- Nomenclature. In some cases, instruments with virtually identical credit features can be variously defined as debt or preferred stock. Although the distinction may be only one of nomenclature, we believe the identification of a security as debt constrains the company's practical discretion to defer payments, given the greater "headline risk" that may be associated with deferring payments on the debt form of the security. However, this does not necessarily preclude the instrument being viewed as having significant equity content if there are other mitigating features.

Finally, various case-specific considerations can enter into the assessment of payment flexibility. Other things being equal, a company with heavy ongoing funding requirements-–and hence a need to access the capital markets regularly—might be more reluctant than others to pass on making payments for fear of the capital markets' reaction. Such a company's regulator could well have the same reservations. Also, if the amount of cash that would be conserved is small relative to the company's near-term cash requirements, the company might rationally chose not to defer or forgo payments, since little would be gained from doing so.

By removing the discretionary element, mandatory trigger mechanisms can increase confidence that payments will be deferred or forgone when the issuer's circumstances make this desirable from the creditors' perspective. (Historically, income bonds--i.e., where interest payment is contingent on achieving a certain level of earnings--were designed with this in mind. However, to the extent that cash flow diverges from earnings measures, income bonds tend to be imperfect instruments.) The equity content of such instruments is significantly influenced by the trigger levels used to determine when payments are eliminated. For example, if the level of cash flow that triggers payment curtailment is relatively low, reducing the likelihood of deferral, that instrument does not support high ratings. Credit quality might already have deteriorated drastically before the trigger would be breached. Conversely, though, if the trigger level is set close to the expected performance level, and at a level where the company is still very strong, we would have to consider the headline risk that forced deferral might pose.

A different mandatory approach entails linking interest payments to the company's common dividend, creating a common equity-mimicking bond. (A number of international financial institutions issued such bonds in the late 1980s.) Of course, a company having an inordinate amount of dividend-linked issues outstanding could ultimately be reluctant to curtail its common dividend.

Equity Content: Permanence

Capital should be sufficiently permanent that it is available to preserve cash and absorb losses when needed. Obviously, retaining funds in perpetuity offers the company the greatest flexibility. Extremely long maturities are next

best. Accordingly, 100-year bonds possess an equity feature in this respect (and only in this respect) until they get much nearer their maturity. (To illustrate the point, consider how much, or how little, the company would have to set aside today to defease or handle the eventual maturity.) However, in 100-year bonds, interest payments are not deferrable and cross-default provisions could lead to these bonds being accelerated.

Hybrid capital issues usually come with a maturity. Having a limited life is a clear shortcoming in terms of equity permanence. If the maturity happened to coincide with a period of stress for the issuer, the need to refinance could add to financial pressures. Even if we expect the issue to be refinanced successfully at maturity, the potential for using debt in the refinancing would concern us.

As a practical matter, we view an issue with a remaining time to maturity of 20 years (15 years for 'BB' rated issuers and 10 years for 'B' rated issuers) as sufficient to support credit quality. However, even 20 years is a very long time for many issuers and investors. Different features have been introduced that further limit the likely life of the issue--and thereby constrain the extent of the equity content the issue affords.

Thus, the ability to call always gives reason for pause (see section "Issue Features: Call Provisions"). Will the issue remain outstanding beyond the call date? It is common for hybrid capital issues to be callable, either starting on a certain date and continuing for a defined period (often referred to as an "American-style" call) or on certain specified, discrete dates (i.e., "European-style" call). Calls exercisable after five years are the most common in certain markets, and we would question the rationale for an issuer including a call date sooner than five years after issuance. We have not placed much emphasis on call features as limiting equity content—that is, if we believe the issuer has good reasons for maintaining hybrid capital in its capital structure (e.g., to meet regulatory capital requirements, or because the issue is tax deductible and therefore is a cost-effective form of funding). Indeed, call provisions can even be beneficial from a credit perspective, because they afford the issuer the opportunity to refinance the issue at more favorable rates, market conditions permitting. Moreover, in many instances, the issuer could repurchase the issue on the open market or through a tender offer, even in the absence of a call provision.

Where an issue contains a call provision, the issuer has the option to redeem the issue, but no obligation to do so. Thus, in our assessment of equity content, we don't generally penalize instruments with call provisions, unless, in the case of unregulated issuers, the initial call date is less than five years after issuance—which heightens our skepticism about the issuer's intentions with respect to the issue. We may also be concerned when the issue is only callable on discrete dates followed by a long noncall period. Where an issuer is regulated and we believe the regulator will ensure that any refinancing would not be credit-harming, we do not penalize issues with call dates earlier than five years. (See section "Issue Features: Call Provisions.")

In recent years, more hybrid capital securities have included terms whereby the issuer has the right to call the instrument at par on the same future date that the coupon rate increases, or steps up, by a preset amount. Step-ups (and similar penalty-rate provisions) question the permanence of issues that incorporate them, and so undermine the equity content of a hybrid capital security (see section "Issue Features: Step-Ups, Resets, Remarketing"). The call and step-up are expressly designed to prompt issuers to retire the issue. Moreover, in certain circumstances, the issuer could incur significant reputational fallout if it did not call. Indeed, investors strongly rely on step-up provisions to incentivize a call. We view these types of hybrid capital instruments as a form of long-term capital if:

- The amount of the step-up is limited, such that if the issuer chose, for whatever reason, not to refinance the issue, it would not be burdened by onerous financing costs; and
- There is a high degree of assurance that if the issue were called, it would be replaced with another issue warranting an equal or higher degree of equity content.

We see no need for any replacement provision (legally enforceable or otherwise) if the issue does not have a step-up, even if the issuer has call rights. The issuer's option to retire hybrid capital issues is similar to its option to repurchase common equity. But, if a hybrid issue has a significant step-up or a discrete call followed by five or more years during which it is not callable, we presume the issue will be called--either at the time of the step-up/discrete call or before it. The presumed temporary nature of the issue begs the question of how it will be replaced. Legally binding replacement language reinforces the permanency of the capital raised by rendering replacement highly likely, particularly when the issuer would need the capital to maintain its creditworthiness. In our view, mere expression of intent regarding replacement is insufficient when there is a workable alternative that more strongly enforces the permanence of the equity. To be sure, legally enforceable replacement capital covenants (RCCs) can pose their own problems--especially those that are complex or unduly restrict a company's future choices (see section "Issue Features: Replacement Capital Covenants"). But we view RCCs as the lesser of two evils. RCCs offset the clear motivation to call and retire the hybrid security created by the step-up, and reestablish sufficient permanence to allow the security "intermediate" or "high" equity content under Standard & Poor's methodology. We believe that legally binding RCCs can be crafted to introduce flexibility and thus render them more acceptable to issuers.

At any time, a company can choose either to repurchase equity or to issue additional shares. However, some securities are more prone to being temporary than others. Our analysis tries to be pragmatic, looking for insights as to what may ultimately occur. For example, auction-rate or remarketed preferred stock is designed for easy redemption. Even though the terms of this type of preferred provide for its being perpetual, failed auctions or lowered ratings typically prompt the issuer to repurchase the shares. (They are sold as commercial paper equivalents, which heightens the potential for failed auctions if credit quality ever falls to 'A-3'--or even 'A-2'--levels, or if market conditions deteriorate. Although the company has no legal obligation to repurchase the paper--i.e., the last holder could be left with this "perpetual" security--the issuer sometimes bows to market pressures and chooses to repurchase the preferred. Accordingly, such frequently remarketed preferreds are treated as debt.)

Another important consideration is the issuer's tax-paying posture. It may be difficult for an issuer that is currently not paying taxes to assert that it will continue to finance with nontax-deductible preferred stock once it becomes a taxpayer, and that it can lower its capital cost by replacing the preferred with debt.

Other clues can come from who invests in the issue (e.g., money market, as opposed to long-term fixed-income investors) and the mode of financing that is typical of the company's peer group. For example, U.S. utilities traditionally finance with preferred stock, and industry regulators are comfortable with it; therefore, the usual concern that limited-life preferred stock will be refinanced with debt is less of an issue for utilities.

There is always the risk that tax-deductible instruments' favorable tax status could be overturned by tax authorities, or through legislative changes. If we had particular concerns about the continuation of favorable tax treatment, and loss of tax deductibility would make the economics unfavorable for the issuer, we would have significant reservations about

viewing the instrument as permanent, unless we had reason to believe that the issue would be refinanced in another equity-like form.

In assessing any issuance's degree of permanence, management intent is always an important consideration. Through discussion of financial policy with senior management, we seek insight into potential future retirement and replacement of hybrids. We also take into account a company's track record in this regard. We always must be aware that management intent can become diluted over time—for example, as there are changes in management.

Equity Credit: Subordination/Cushion For Creditors In The Event Of Default

What happens in bankruptcy also pertains to the avoidance of bankruptcy and default, albeit indirectly. That is, companies' access to debt capital depends on providers feeling secure about the ultimate recovery of their loans in the event of a default. Debt-holders' claims have priority in bankruptcy, while equity holders are relegated to a residual claim on the assets. The protective cushion created by such equity subordination can facilitate the company's access to capital, helping enable it to stave off a default in the first place. (In the case of some European bank, insurance, and corporate issues, mechanisms exist that can result in loss absorption outside of bankruptcy or reorganization by reducing the principal owed to investors—for example, following the recording of a net loss, when directed by the regulator.)

Regulators virtually always insist that instruments be subordinated to qualify for capital treatment. Apart from this consideration, in our framework subordination typically is a secondary factor compared with other beneficial aspects of equity, although lack of subordination would always weigh somewhat on equity content. Thus, if an instrument is senior, but ongoing payments are deferrable and it has a long-dated maturity, we could well view it as having meaningful equity content. On the other hand, if an instrument is subordinated, but lacks the other equity-like traits, it would be viewed as predominantly debt-like.

The distinction between subordination and deep subordination generally is not significant in our analysis, although deep subordination incrementally is somewhat more supportive of credit quality. However, many U.S. securities--to meet IRS guidelines for tax deductibility--may be termed subordinated while providing pari passu status to trade creditors. This is a shortcoming--albeit not one that we view as significant.

Equity Content Categories

To facilitate our analysis, we classify qualifying hybrid capital issues into three categories, based on our assessment of their equity content: "high," "intermediate," and "minimal." In our financial institutions practice (excluding insurance), where matters pertaining to quality of capital assume particular importance, we further distinguish between "intermediate-strong" and "intermediate-adequate." As discussed more fully in the section "Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Financial Institutions Methodology (Excluding Insurance)," for regulated U.S. financial institutions, we only give equity credit to issues that qualify for Tier 1 regulatory capital treatment.

"High" equity content

"High" equity content hybrids have very strong equity-like characteristics. They include features that help protect credit quality near the current level, and if they substitute for plain vanilla debt, they improve the overall quality of the issuer's capitalization. Investors in "high" issues typically bear equity-like risk, and we would expect the value of such instruments to have a high correlation with the value of equity.

We have identified three potential types of "high" equity content instruments:

- The issue converts mandatorily to common equity within a fairly short time horizon;
- The issue has a coupon or dividend that varies directly with changes in the common stock dividend or with earnings or cash flow; or
- The issue is mandatorily deferrable upon the breach of financial triggers or rating triggers that are set close to the expected performance level/existing rating level.

"High" equity content due to mandatory convertibility. "High" mandatorily convertible issues provide for the deferred, but mandatory, issuance of common stock, while raising proceeds immediately. (See section "Issue Features: Conversion Into Common Stock.") There are several varieties of this structure, including instruments that convert directly into common stock and units comprised of a contract providing for the forward sale of common stock, coupled with an initial security with a maturity or call date that may or may not match the common stock issuance date under the forward contract. In either case, the instrument initially takes the form either of preferred stock, with optional deferability of payments, or debt, with fixed payments. (Naturally, we view the former form somewhat more favorably from a credit perspective. In the bank sector, regulators require that the initial instrument qualify as Tier 1 capital.)

To meet our standard for "high" equity content (indeed, to be viewed as having any equity content), investment-grade issuers must issue common stock within no more than approximately three years (issuers with issuer credit ratings in the 'BB' category must issue within two years; issuers with issuer credit ratings in the 'B' category must issue within one year).

Also, the security must include a conversion price floor, and this floor must be no less than the common share price at the time of initial issuance. For example, if the stock price is $50 per share when the convert is issued (a $1,000 note is equivalent to 20 shares), at conversion the note may not be convertible into more than 20 shares, regardless of the then-current stock price. Importantly, for us to believe that such an issue warrants "high" equity content, we must be convinced that the company will be sufficiently satisfied with the outcome of common stock issuance that it will not reverse the result with share repurchases. While necessarily arbitrary, the maximum three-year time frame and presence of a floor price are essential, in our view, to warrant equity content. We believe management's assurances today about their willingness to issue common stock in the future inevitably have little credibility beyond the three-year time period. Moreover, while it's reasonable that a company would want to retain some upside in ultimately being able to issue fewer common shares if the share price appreciates, if the conversion ratio were fully variable or required the issuance of shares at a price significantly discounted compared to the Day 1 share price (like the RHINOs issued a number of years ago), the dilution would increase as the company's share price declined, testing management's resolve at the very time when enhancement of the capital base might be most needed. (Although we generally view longer dated mandatorily convertible issues as debt-like due to the long time to conversion, these may be reclassified as "high" when the remaining period to mandatory conversion falls to within three years or less, depending on our then-understanding of management's intentions.)

In the case of mandatorily convertible instruments, where the interim issue converts directly into common stock, or where, in the unit version, the initial issue matures at the same time as the receipt of the common stock proceeds, no other security remains outstanding once the common stock issuance has occurred. In contrast, in the mismatched version of the unit structure, the initial security survives the common stock issuance, and the common stock issuance results in the company raising a second set of proceeds. Although the company will then possess cash that could be used to repay debt, we would not automatically net such cash against debt; rather, we would account for the debt and equity components separately at the outset. However, the issuer can often make the case that it will actually use the second set of proceeds (that is, the equity proceeds) to pay down debt immediately and permanently. Such debt reduction could apply to a debt maturity that coincides with the equity issuance--or to short-term debt (such as commercial paper), assuming the company carries a sufficient permanent layer of such debt. In these instances, we adopt a "net" approach, which leaves the company with only the common equity proceeds. (Note: In corporates [as opposed to financial institutions] where equity content leads to an adjustment of interest expense in coverage ratios, the treatment of ongoing payments in the initial preconversion period are treated as if they were common dividends.) In any event, the company can receive recognition for the deferred equity issuance in leverage ratios, even if we view the interim issue as debt-like.

"High" equity content through linkage to common shares. In theory, an instrument could also achieve the "high" designation by mimicking some of the characteristics of common stock–-by being perpetual (or at least with a remaining life of 20 years or more) and subordinated (albeit senior to common stock), and having interest or dividend payments that are tied directly to the common stock dividend. It is acceptable for "high" equity content if the distribution is tied to the common dividend only within a certain range, with some small portion of the payment being fixed. (We would not be concerned about a ceiling on the payout.) Of course, if such an issue were sufficiently material, it could become a significant disincentive for the company to cut its common dividend. In practice, though, there seems to have been very little issuer interest in such an approach, or in issues where the payment is tied to some other indicator of financial health, such as earnings or cash flow.

"High" equity content due to mandatory deferrability. Finally, the equity content we attribute to hybrid capital issues that rely on optional deferral is constrained by our assumption that managements (and regulators, where relevant) will always be loathe to utilize the option to defer or forgo payments--perhaps until it is too late for the deferral to make any difference to the company. By removing the discretionary aspect, issues with mandatory deferral triggers can potentially achieve "high" equity content (see section "Issue Features: Mandatory Deferral"). Mandatorily deferrable securities that would warrant "high" equity content recognition would entail the following features.

High thresholds. The mere existence of a mandatory deferral provision is meaningless. Everything depends on the thresholds that define the deferral trigger. To illustrate: If the trigger for nonpayment is 10 years of losing money, that provision is virtually worthless. The company would probably have defaulted prior to the deferral provision going into effect. To be included in the "high" equity category, an instrument's trigger must go into effect at a level relatively close to the current credit profile of the issuer. One approach is to use a rating trigger. To qualify for "high" equity content, the trigger must be set at a level within three notches of the initial rating level. A threshold defined in terms of crossing over to noninvestment grade does not suffice--unless, of course, the issuer credit rating happens to be within three notches of that level. A variety of financial benchmarks can also serve as a proxy for the appropriate threshold level. These always need to be crafted to fit the specific issuer's context. In any event, we need to be mindful that a single ratio cannot entirely be relied upon to capture all of the business and financial changes the credit may have undergone

by the time the trigger activates. As noted below, we do not view this type of issue as warranting "high" equity content if the issuer is confidence-sensitive, or if the trigger could be breached when the issuer is still investment grade because risks outweigh the intended benefits.

No loopholes. For example, some deals stipulate that the mandatory deferral must be simultaneous with or only occur following the cessation of common dividends (a look-back period). As long as the company chooses to pay even a paltry dividend, the security continues to pay. Obviously, such an instrument is "mandatory" in name only.

No back-door payment mechanisms. Many proposed high-equity structures provide for requiring payment or allowing payment in common stock while mandatory deferral is in effect, under the terms of so-called alternative payment mechanisms (APM; see section "Issue Features: Alternative Payment Mechanisms/Alternative Coupon-Settlement Mechanisms (APM/ACSM)"). While appealing on the surface, we believe such provisions could defeat the purpose of mandatory deferral. The likelihood is that the company will feel pressured--if not actually obliged--to make the payment, and then turn around and repurchase the stock it issued (unless it were otherwise inclined to issue common stock for whatever reason). Ironically, the higher the threshold of the instrument, the greater the likelihood the company would pay and repurchase. To meet our requirements for "high" equity content, APMs are acceptable only if they take effect five years or more after the initial breach of the trigger.

Permanence. Excluding mandatorily convertible issues, to qualify for "high" or "intermediate" equity content, there must be assurance that the issue—or a successor issue warranting a similar or higher degree of equity content-—will be a component of the issuer's capital base for a long time. We apply a common standard regarding remaining time to maturity to all investment-grade financial institutions (including insurance companies) and corporates, in all regions. Under this standard, we require a hybrid capital issue to have a remaining term of at least 20 years to receive our "intermediate" or "high" equity content designation. (See section "Issue Features: Maturities/Scheduled Maturities.") The ability to call can give reason for pause, since it puts into question whether the issue will remain outstanding beyond the initial call date. However, where an issue contains a call provision, the issuer has the option to redeem the issue, but no obligation to do so.

As long as we believe the issuer intends either to keep the issue outstanding or refinance it with the proceeds of another issue warranting comparable equity content, we do not view the call date as an effective maturity (see section "Issue Features: Call Provisions"). In recent years, many hybrid capital issues have coupled calls with mechanisms clearly designed to penalize the issuer if the call is not exercised, such as step-ups. While such provisions can enable the issuer to benefit from lower funding costs, since investors assume the issue will be called, they can fly in the face of any notion of permanence, absent mitigants, such as legally binding replacement capital covenants. We have developed guidelines for assessing such provisions (see sections "Issue Features: Call Provisions," "Issue Features: Step-Ups, Resets, Remarketing," and "Issue Features: Replacement Capital Covenants").

Subordination. Subordination (i.e., subordination to all conventional debt) is necessary to meet the criteria for the "high" or "intermediate" equity content category, when based on tight mandatory deferral. The original premise of modern, tax-deductible preferreds was that they would provide deep subordination. However, in reaction to some tax authorities' apparent sensitivity to full subordination, this feature was watered down. Virtually all U.S. trust-preferred securities, for example, are subordinated to indebtedness--but pari passu with trade creditors. While the lack of full

subordination weakens the equity content for all such securities, we have not automatically excluded those securities from the "high" or "intermediate" equity content category.

With mandatorily deferrable issues, investors are taking substantial risk--well beyond the corporate default risk--and this risk is reflected in relatively low ratings on the securities themselves (as discussed in "Rating The Issue (Notching)" below).

The benefits of mandatorily deferrable issues could be offset by exposing the company to negative market responses, in the event of a looming or actual deferral. This is more pronounced in times of market turbulence, when "headlines" can dramatically affect financial institutions' funding flexibility, whatever the state of credit fundamentals otherwise. We believe that for companies that are confidence-sensitive--notably, financial institutions, including insurance companies--deferrals driven by mandatory triggers could result in more harm than the benefit realized by reduction in debt service obligations. Accordingly, we do not consider hybrids with tight mandatory triggers as eligible for "high" equity content for confidence-sensitive issuers.

More broadly, even for issuers in less confidence-sensitive sectors, if the triggers halt payment while the company is still far from being incapable of making the payments, the benefits of reduced debt service could turn out to be small relative to the potential headline risk and investor reaction--especially in cases where the trigger threshold is at a level where the company is investment grade. The company could pay a price in terms of its financial flexibility. (Alternatively, the company would be motivated to avoid the deferral by retiring the issue.) These risks associated with mandatory deferrals are recognized in qualitative aspects of our analysis, no matter how the security is treated for ratio-calculation purposes.

Specific features of the security could mitigate or heighten the risk--and recent proposals for securities structured to achieve high equity content have included features that are pertinent to the issues we have raised in this section. In this regard, the trigger must not be opaque or overly complex. It can be defined by a ratings downgrade or breach of various financial benchmarks that serve as a proxy for credit quality. Any metrics used in defining the triggers need to be straightforward and highly transparent. But they also must be customized for the specific context of the issuer. Complexity may be hard to avoid, especially given the interplay of business risk with financial indicators of credit quality. (This can be especially challenging in sectors such as regulated utilities, where the business risk profile plays an outsize role.)

Some structures shift deferral risk from the investors by introducing a financial counterparty to stand in for the company at the point of deferral. By effectively dealing with the direct risk to investors, market reaction might arguably be muted. Still, the need for third-party intervention could produce similar negative responses. Moreover, the relationship of such a counterparty vis-à-vis the issuer could give it special clout to avoid or undo the cash savings of any deferral.

"Intermediate" equity content

This category encompasses a wide range of instrument types and accounts for the overwhelming majority of hybrid issues. "Intermediate" equity content hybrids have substantial equity-like characteristics. These include features that help protect credit quality in the event of financial distress. If such hybrids substitute for plain vanilla debt, they improve the overall quality of the issuer's capitalization. Nevertheless, an "intermediate" equity content hybrid is also

debt-like in some respects, typically due to the relatively fixed nature of the dividend/interest on an ongoing basis, given investor expectations. Noncumulative perpetual preferred stock (noncumulative in the sense that where the company passes on a dividend, there is no obligation to eventually make this up) is the most equity-like of the instruments we view as warranting "intermediate" equity content. As the name suggests, such an issue has no maturity date or repayment obligation, so the equity benefit does not diminish over time. It is subordinated to all debt and other liabilities of the company. And the company can choose not to declare dividends at its discretion, with no limitation on the length of time it can do so-—except that it cannot pay common dividends while it is deferring on the preferred dividend--and no obligation to make up missed payments. (In some cases, after a certain period of time, such as six quarters, during which dividends are not declared, preferred shareholders have the right to appoint a small number of directors to the company's board of directors. However, while this board representation is enough to pose a nuisance to the company, the preferred stockholders still have only limited ability to pressure the company for compensation.)

Yet, we don't generally view noncumulative preferred stock as warranting more equity content, given our assumption that managements are loath to exercise the right to defer payments (except in the case of regulated companies where this affects the regulatory capital treatment). Investors expect to be paid, and, short of severe financial distress, companies will be reluctant to disappoint investors, for fear of the capital markets' reaction. (In the case of regulated issuers, the regulator, in theory, could be more proactive about insisting that payments be forgone. Historical evidence is lacking, however, that this has been the case.) While, on balance, we believe noncumulative distributions are more supportive of credit quality than are cumulative payments, we recognize that the greater potential harm to investors-–since missed payments are never made up—could make companies even more reluctant than otherwise to exercise the right not to pay. Moreover, in cases where dividends on noncumulative perpetual preferred are not tax deductible (as in the U.S., but not in the U.K.), the relatively high after-tax cost of the issue could motivate the company to refinance it under certain circumstances-–belying the nominal perpetual life.

(Note: We also don't make a distinction in our analytical treatment of cumulative issues between those where deferred payments accrue interest and those where it doesn't. The latter are more equity like in that the payments the issuer ultimately must make up are smaller. However, the difference is unlikely to affect the issuer's financial profile meaningfully.)

Since 1993, U.S. companies have been issuing what we term "conventional" trust-preferred stock. This term is used to refer to a class of instruments that take different legal forms--being issued via a trust, via a partnership, or directly by the company. Trust-preferred structures can differ in other regions, but in the U.S., the common features from a credit perspective are as follows:

- A term of 30 to 40 years;
- Deep subordination, although senior to noncumulative perpetual preferred stock in certain cases; and
- Optional deferral of dividends for up to five years, at which point any arrearage has to be paid, or a legal default results.

Conventional trust-preferred stock, as defined above, is somewhat less equity-like than is noncumulative preferred stock, but nonetheless still warrants "intermediate" equity content under our criteria. Although a term of 30-40 years is less supportive of credit quality than a perpetual term, 30-40 years is nonetheless a long time in the life of any issuer,

generally being longer term than the overwhelming majority of its debt obligations. We don't believe different degrees of deep subordination are significant from creditors' perspective. And while the longer the company can defer or forgo payments the better, five years should be long enough for most companies that fall on hard times to effect a turnaround—if the company is going to survive at all.

Since 2005, U.S. companies have been issuing what we term "enhanced" trust-preferred stock, typically having the following features:

- A term of 40 to 60 years;
- Deep subordination—in some cases with the issue being junior to conventional trust-preferred issues; and
- Optional deferral of dividends for up to 10 years, and, in some cases, no legal default even if there is continuing nonpayment after 10 years.

The longer the ability to defer or forgo payments, the better, from the perspective of equity content. To highlight this point, as we apply our framework to financial institutions (excluding insurance companies), we distinguish between instruments where deferral is limited to five years, which instruments potentially receive our "intermediate-adequate" equity content designation; and instruments where deferral or nonpayment can exceed five years, which potentially receive our "intermediate-strong" equity content designation (as is the case with most trust-preferred instruments issued in Europe). We don't make such a distinction in other sectors.

Just as in the case of "high" equity content instruments, as discussed above, an instrument must have a remaining life of 20 years or more to continue receiving the "intermediate-strong" or "intermediate-adequate" equity content designation. Myriad "bells and whistles" are found in conjunction with the basic structures described here. Some of these can qualify the extent to which the instrument can be viewed as permanent or semipermanent.

Many issues completed in recent years have included call provisions that are combined with step-ups or other repricing mechanisms that are clearly designed to motivate the issuer to call the issue—even if it is not optimal for the issuer to do so at that point, from a credit perspective. Where the call date is at least five years from the initial issuance date, the increase in cost is moderate, and there are adequate offsetting provisions (e.g., a legally binding replacement capital covenant), the instrument can nonetheless qualify for "intermediate" equity content under the guidelines we have developed (see sections, "Issue Features: Step-Ups, Resets, Remarketing," and "Issue Features: Replacement Capital Covenants).

In addition, many recently completed issues have included provisions designed to limit the extent to which investors bear the risk of deferral. Conventional U.S. trust preferred has "unfettered deferrability," by which we mean that the company can optionally defer for the full five-year period without being required to undertake any issuance of common stock or additional hybrid capital. In some other cases, APMs are included that require the issuer, under certain circumstances, to undertake the issuance of common stock or additional hybrid capital, and utilize the proceeds to make the dividend/interest payment that it would otherwise defer.

We believe such a requirement--becoming effective at a point when the issuer's common stock price quite possibly would be depressed and its ability to issue new preferred stock on acceptable terms dubious--undermines the value of optional deferrability, since it could lead the issuer to be even more reluctant to exercise the deferral option than

would otherwise be the case. We have developed guidelines for determining when such provisions are still consistent with "intermediate" equity content (see section "Issue Features: Alternative Payment Mechanisms/Alternative Coupon Settlement Mechanisms (APM/ACSM)").

Some issues seek to strengthen equity content through the use of mandatory triggers by decreasing reliance on management's discretion (see section "Issue Features: Mandatory Deferral"). However, if the triggers are set at a level so remote that the company, at the point the triggers were breached, would likely be contemplating optional deferral anyway, they may add little to the optional deferral provision alone. In some cases, mandatory triggers are coupled with APMs, as discussed above. Unlike with "high" equity content instruments, we believe it is acceptable in the case of "intermediate" issues if the APM becomes effective immediately upon the breach of the trigger or after some fixed time short of five years. However, where this is the case, we believe that it is necessary for there to be restrictions on the company's ability to repurchase any securities issued under the APM, or the objective of cash conservation could be thwarted.

"Minimal" equity content

The "minimal" category includes some instruments with significant equity attribute(s), but which, as a whole, fall short of our standards for "intermediate." This category includes, for the most part, either subordinated issues with deferrable payments, but where there are fewer than 20 years remaining until the maturity, or long-lived subordinated issues with deferrable payments, but where the ability to defer is limited to fewer than five years or otherwise restricted. One example of the latter is certain Tier 2 or Tier 3 subordinated issues of banks on which the interest payments are not subject to optional deferral, but where the payments can be restricted by a relatively loose earnings test. Another example would be corporate issues that have all the main features of conventional trust preferred, except that they carry debt nomenclature-–which we believe could cause management to be even more reluctant than usual to exercise the right to defer payments, given the added headline risk of not paying on a debt instrument. (Such instruments can achieve "intermediate" equity content when in the form of enhanced trust preferred, given the offsets of the extended deferral feature and longer term.)

While, as discussed below, instruments with "minimal" equity content are treated as debt for ratio calculation purposes, that isn't to say that we disregard their equity-like characteristics in our analysis. Rather, we take account of them qualitatively. Given the varied attributes of any hybrid capital instrument--however categorized--financial ratios, at best, tell only part of the story.

Instruments structured as hybrid capital issues that fail to meet our standards for "high" or "intermediate" equity content do not necessarily warrant even the "minimal" equity content designation, in our view. Some are predominantly debt-like, and so are viewed as such. Examples include:

- Subordinated debt, where there is no deferability of payments. Here, we believe the inflexibility of the ongoing payments far outweighs the equity-like aspects.
- Very long-dated or perpetual senior debt, where there is no deferability of payments. Again, we believe the inflexibility of the payments more than offsets the equity-like aspects.
- Auction-rate preferred stock. Although nominally perpetual and subordinated, and having dividends that are deferrable, this instrument has a dividend rate that is reset through an auction process at very short-term intervals. Given a failed auction, the issuer is likely to come under intense pressure from investors to retire the issue.

- Mandatorily convertible issues where conversion into common occurs more than three years from the current time, or where there could be greater share dilution than permitted under our guidelines. In such cases, we would be concerned that a repurchase of the shares would follow the share issuance, and that the risk of this occurring could be greater the more depressed the issuer's share price.
- Instruments-–where adequate equity-like features are otherwise lacking--that can convert into common stock at the option of the holder, and where the conversion option becomes attractive to investors only when there is share price appreciation (see section "Issue Features: Conversion Into Common Stock And Share Settlement").
- Certain instruments that could convert into common stock-–mandatorily or at the option of investors-–but where the issuer then has the alternative of redeeming the issue for cash.

Applying Hybrid Capital Equity Content Assessment In Credit Analysis

Different attributes of equity hybrids are relevant to different dimensions of our analytical methodology. The aspect of ongoing payments is considered in fixed-charge coverage and cash-flow adequacy; equity cushion is considered in leverage, capital adequacy, and asset protection; the need to refinance upon maturity is considered in liquidity; and the potential for conversion is considered in financial policy. The before- and after-tax cost of paying for the funds also is a component of both earnings and cash flow analysis.

In our analytical methodology, we take account qualitatively of a hybrid capital issue's varied effects on the issuer's credit profile. We have also developed techniques for factoring in hybrid capital in our calculation of certain financial ratios-–knowing, though, that any such adjusted ratios represent a simplified view, and certainly do not tell the whole story.

In assessing hybrid capital issues' equity content, we use a common framework across our Corporate and Financial Services practices and across regions. In applying our conclusions, though, there are significant differences, reflecting the different nature of the companies and in our rating methodologies among sectors.

In our analysis of corporates, we have found that among all the possible ways to represent "intermediate" issues in financial ratios, the most effective is to split hybrid-related amounts 50%-50% between debt and equity.

Compared to the norm for corporates, most types of financial institutions (aside from insurance companies) are highly leveraged and have heavy funding appetites. In our analysis, the quality of capital is an important consideration. In considering regulated financial institutions (including insurance companies), we must pay particular attention to the matter of capital adequacy relative to regulatory capital requirements. In turn, the hybrid methodology does not follow the "partial credit" approach used for corporates; rather, for capitalization ratio calculation purposes, it grants full equity content within certain threshold limits, which are set depending on the degree of equity content.

Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Corporate Methodology

Under our corporate methodology:

- Hybrids with "minimal" equity content are treated entirely as debt for ratio purposes;

- Amounts relating to "intermediate" category hybrids are split into 50% debt and 50% equity; and
- Hybrids with "high" equity content are treated entirely as equity for calculating ratios.

This approach is followed in our analysis of capital structure, as well as of cash flows and fixed-charge coverage. That is, for "minimal" equity content instruments, all related dividend or interest payments (however defined legally) are treated as a fixed charge; for "intermediate" equity content instruments, 50% of the related payment is treated as a fixed charge and 50% as the equivalent of a common dividend; and for "high" equity content instruments, all related payments are treated as if they were the equivalent of a common dividend—i.e., they are not included in fixed charges. (See also "Standard & Poor's Encyclopedia of Analytical Adjustments for Corporate Entities," published July 9, 2007, on RatingsDirect.)

As discussed above, in assessing a hybrid capital instrument's equity content, we consider the financial reporting treatment of the issue, since this can influence management's actions and the market's perception. However, in performing our ratio calculations, we reallocate as necessary between debt and equity, and between interest expense and dividends, in accordance with our analytical methodology, and our treatment is not driven by the accounting treatment.

We know our approach to calculating ratios is a simplified one, inevitably leading to some distortions. So, for example, as discussed above, we don't view "minimal" equity content issues as fully debt-like, nor do we view "high" equity content issues as the exact equivalent of common stock. And, for intermediate issues, there are cases where the 50%/50% allocation will skew ratios in a positive or negative direction (depending on the initial financial profile of the issuer and the use of proceeds), where our overall analytical interpretation of the hybrid issuance would be the opposite. Moreover, in the case of "intermediate" issues, the company will generally either pay the stipulated amount or defer it; it is rare for there to be a partial payment.

These drawbacks speak to the limited value of financial ratios where hybrid capital issues are concerned. These instruments represent a bundling together of different features, which have a varied effect on the issuer's credit profile. We haven't devised a means of calculating financial ratios that better captures such subtleties.

Prior to mid-2006, for hybrids with intermediate equity content, we computed financial ratios both ways-—viewing them alternatively as debt and as equity, i.e., we calculated two sets of coverage ratios--to display deferrable ongoing payments entirely as ordinary interest and alternatively as an equity dividend. Similarly, two sets of balance-sheet ratios were calculated for the principal amount of the hybrid instruments, displaying those amounts entirely as debt and entirely as equity. For hybrids in the middle category, analytical truth lies somewhere between the two, and we sought to interpolate between the two sets of ratios to arrive at the most meaningful depiction of an issuer's financial profile. However, this methodology also had drawbacks, including the challenges for issuers in appreciating the potential impact on our view of their financial profile. Therefore--notwithstanding the issues mentioned above--we decided to calculate ratios with the amounts relating to intermediate category hybrids split 50%-50%. This is the set of ratios we now emphasize as the basic adjusted measures, and these are the ratios we publish in our reports. We believe this approach has greater transparency and ease of comparability-—thereby outweighing the negatives. We continue to encourage analysts to view hybrids from all perspectives.

Under our corporate methodology, there is no hard-and-fast limit to the amount of hybrid capital for which we

recognize equity content. Nonetheless, without drawing any bright lines, we would, indeed, be sensitive at a certain point. That is not because the character of the security changes when a lot of it is issued. Rather, beyond a certain point, a company's nonstandard, complex, or over-engineered balance sheet begins to put its financial policies in a negative light. In turn, this could lead to market pressures to restructure or normalize company finances. This concern would be compounded to the extent that a company also uses various off-balance-sheet financing vehicles, derivatives, and long-term contracts, and/or other techniques that contribute to an overall opaque financing structure. The perception of financial aggressiveness--by us or by the investment community--would certainly overshadow any theoretical benefit from the equity content that might be afforded to hybrid securities. It helps to focus on measures that would indicate little or no concern. In simple terms, there should be no problem with issuing conventional hybrids in an aggregate amount up to 15% of capitalization. (Capitalization is defined as debt + hybrids + book equity, adjusted for goodwill and also making all our other standard adjustments.)

For corporates and financial institutions (excluding insurance companies), ratio calculations incorporate capital only after it is issued—or its issuance is mandatory within a relatively short period. Even though a company has contracted for the right to sell equity at its discretion and even has fixed a price, we do not include such contingent capital in advance. This treatment applies whether the contingent capital is provided by a financial counterparty or structured vehicle, whether prefunded or not.

That said, contracting for contingent capital can be very valuable as a credit support in specific situations. For example, a company might find its credit rating under pressure because of a potential acquisition or expansion; and management's stated intention to issue equity to finance such activity may not be entirely convincing. Arranging contingent equity capital in advance could be just what is needed to allay any concerns regarding a credit-harming outcome. The company would not want to issue equity prior to the transaction materializing. But locking in the availability and cost on a contingent basis makes sense as an "insurance policy." In the insurance sector, given the "lumpiness" of potential losses, we give formal recognition in capital ratios to certain contingent capital structures (see section "Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Insurance Methodology").

Corporate methodology: Corporates' operating subsidiaries issuing equity hybrids

Many corporates structure their operating units as distinct legal entities, owned, controlled, and consolidated by the parent company. (This is especially the case in the utility business, where the operating subsidiaries are regulated entities. It is also the case for financial institutions [including insurance companies], but this note relates only to corporate issuers.) If such operating subsidiaries issue equity hybrids, the rating benefit extends to the parent company and the larger consolidated entity--inasmuch as our analysis focuses on the consolidated economic entity.

Issuance at the subsidiary level raises some questions regarding how the equity aspects help parent company creditors. In particular, the lack of subordination from the perspective of the parent's creditors and the potential for trapping funds at the subsidiary are two concerns that differentiate subsidiary issuance from parent issuance. However, we believe the equity content for the parent is generally deserved, as explained below.

A critical element of equity is subordination--and equity hybrids feature deep subordination (with the occasional exception of trade payables). The significance of subordination is twofold. It creates a cushion to absorb losses prior to bankruptcy, which leads to higher recovery (loss given default) on senior issues. In turn, the better recovery prospects

for senior issues allow the company greater access to (senior) capital, enabling it to stave off a default in the first place. It is precisely this latter consideration that is important for the corporate credit rating.

In the case of subsidiary issuance, the subordination pertains to other claims against that subsidiary--but the hybrid's claim actually is senior to claims of parent company creditors. This priority of claims is referred to as structural subordination (of parent company creditor claims, even senior debt claims).

Nonetheless, equity issued by a subsidiary enhances capital access by reassuring potential debt providers to the subsidiary itself. As long as the subsidiary is positioned to raise additional funds--and it can direct those funds to its parent or affiliates--the default risk for the entire consolidated entity, including the parent, is lower. (As far as recovery prospects, parent company debt issues are indeed disadvantaged by adding to operating company claims. Our recovery ratings and notching of parent issue ratings reflect such priority claims.)

As noted, we normally assume that parents and subsidiaries are free to direct cash at will throughout the consolidated group. (Indeed, in cases where this is effectively restricted--for example, by regulators or covenants--we do not apply the consolidated rating methodology.) Thus, the ability to defer payments on the equity hybrid is beneficial, not just for the immediate subsidiary that issued the hybrid, but also for the group as a whole, since the cash conserved can be directed to affiliates as needed.

There is a concern, however, that cash conserved by the subsidiary from dividend deferral may not be available to its affiliates by virtue of the typical dividend-stopper provisions in the hybrid security. These provisions force the cessation of common dividends as long as the hybrid periodic payments are being deferred. If the dividend stopper pertains to dividend payments by the subsidiary to its parent, the cash conserved may be trapped at the subsidiary, limiting the equity benefit associated with the hybrid.

There are, however, mitigating considerations regarding the dividend stopper.

- There is no requirement that a dividend stopper should apply to intercompany dividends. Some utilities have issued subsidiary securities that restrict payment of dividends by the parent on parent common stock; the subsidiary is free to pay dividends to the parent. (The linkage to parent company dividends adds a disincentive to defer. However, this consideration applies broadly to equity hybrids issued by the parent company. Accordingly, the issuance via a subsidiary is no more problematic than if the parent were the issuer.)
- There usually are ways other than common dividends to transfer cash intercompany, including, for example, loans and advances. Moreover, the dividend-stopper clauses of some utility hybrids have actually spelled out and permitted the upstreaming of cash payments to the parent for specific operating needs. (Of course, if there are constraints in individual situations--such as tax-related issues--our analysis will take the specific fact pattern into account.)
- The scenarios under which hybrid payments are deferred could well involve stress at the issuing subsidiary itself. (Indeed, the more significant the role of a particular operating subsidiary relative to its group, the more likely that the group's distress emanates from that operating subsidiary.) In that case, the cash conserved directly assists the subsidiary in meeting its various obligations. Indirectly, the parent benefits by avoiding the need to downstream cash to help its subsidiary.

Note: We analyze hybrid capital issues of corporates' finance subsidiaries utilizing our financial institutions framework.

Corporate methodology: Leveraged buy-out equity hybrids: Too good to be true

For the past few years, leveraged acquisition activity has employed ever-greater financial leverage. To stretch still more, equity hybrids have been introduced for such buyouts.

A recently popular hybrid security for this purpose provides leveraged buy-outs (LBOs) with a modicum of equity--or, at least the appearance of equity. The security is a preferred stock held by owners of common stock, and has the following terms:

- Perpetual;
- High dividend yield;
- Option of payment-in-kind (PIK), at the discretion of the company, for life of security;
- Some versions provide for PIK only, with no cash payments of dividends for life of security;
- Deeply subordinated; and
- Needs to be redeemed only upon change of control.

At first blush, the security is extremely equity-like. However, we are skeptical about this security's benefit for the company's long-term credit quality. We do not assign it any equity content, and treat it as debt in calculating credit ratios.

We specifically are concerned about the incentives created by this structure to pay the dividend in cash where possible--even when not required--and/or orchestrate a change of control. The LBO context (i.e., very aggressive financial policies of owner/sponsors) heightens our concerns. In the case of aggressive LBO owners, common equity itself is ephemeral: Indeed, for most LBOs, the overarching rating consideration is the risk associated with future owner actions, rather than the specifics of the current balance sheet. (Please see "Credit FAQ: Knowing The Investors In A Company's Debt And Equity," published April 4, 2006, on RatingsDirect.)

Roadmap for redemptions

The current genre of equity sponsors, to generalize, has a track record of taking out its investment in owned entities very quickly, via cash dividends and fees of all types. We should not expect these controlling shareholders to defer cash payment of dividends on preferred securities they hold. Rather, the preferred should be seen as a vehicle--apart from other ways to extract cash--for owners to cash out. The yield on these securities is usually quite robust. Thus, the preferred is a roadmap for one avenue owners can use to take out significant amounts of cash.

If there is no cash payment option, there will be no cash payments, of course. But the owners will still want to see a return on the investment represented by the preferred stake--especially as the value of the preferred investment accretes quite rapidly, given the high dividend accrual rate. The change-of-control redemption provision can provide the mechanism for doing just that.

Change-of-control redemption

Even though the common share owners can cash out in various ways, there is often a growing incentive to realize the value of their preferred stake. Indeed, their investment will shift to the preferred stock--as taking out common dividends reduces the common equity, while paying the preferred dividends in kind leads to an ever-larger preferred investment. Ultimately, the preferred value may exceed the common value many times over.

This sets the stage for recapitalizing. The owners can orchestrate a change of control to trigger payment of the preferred. The change can be bona fide or contrived. Either way, the preferred likely will be replaced with debt.

Because the entity will be saddled with the takeout debt upon the expected change of control, we view this security as eventual debt, rather than equity, and include that debt immediately in metrics such as debt/cash flow.

In other instances where there are incentives to replace hybrid equity securities, we similarly are concerned that they will be replaced with debt, and we grant no equity content. For example, we presume hybrids with a substantial step-up will be called and replaced with debt in the absence of any specific replacement commitment.

Note that we ordinarily treat potential change-of-control as event risk. Change of control instigated not from within the company, but from without, is unpredictable and deemed to be beyond the pale of ratings analysis. However, regarding the context addressed here, change-of-control is foretold by the terms of the security and the structure of the capital base.

Corporate methodology

Real estate investment trusts REITs have become increasingly popular in a growing number of countries. A defining characteristic of a REIT is that it does not pay income taxes, but holders of REIT equity, including both common and preferred stock, pay taxes on the dividends received. Tax rules typically require REITs to pay dividends equal to a very high percentage of their earnings.

Similar to the way we view other unregulated corporates, we are concerned about the permanence of REIT hybrid capital. U.S. equity REITs have often refinanced "perpetual" preferred stock with debt. We attribute "minimal" equity credit to most REIT preferred securities, fully burdening the fixed-charge coverage metrics with the preferred dividend.

We have concluded that although REITs may be less likely to defer payment of preferred dividends because of their special dividend payout characteristics, the difference in deferral risk generally does not warrant a different rating outcome for the instrument. (See "Issue Features: Dividend Stoppers, Look-Backs, and Pushers," below.)

Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Financial Institutions Methodology (Excluding Insurance)

In assessing financial institutions' hybrid capital securities, we employ the same broad equity content categories as with corporates-–"high," "intermediate," and "minimal." To reflect certain finer distinctions linked to regulatory capital, within the "intermediate" category we differentiate between "strong" and "adequate" issues.

Two sector-specific considerations significantly influence our approach to assessing equity content in the case of financial institutions.

First, in the case of regulated financial institutions, regulators have the power to intervene in companies' operations, and they typically determine whether to do so based, at least in part, on their own definitions of capital adequacy. Consequently, and due to the importance of regulatory capital, when assessing individual instruments and their specific features, we take account of the regulators' view. We don't follow the regulators exactly. Rather, we have developed generalized guidelines that vary somewhat from regulators' to facilitate cross-border comparisons.

Qualification as regulatory capital (Tier 1 or Tier 2) is a mandatory requirement for us to include a hybrid security in our total capital measures for regulated companies. If the regulator excludes an instrument from regulatory capital, the instrument provides no cushion between minimum capital and regulatory action, which could include closure. Whereas we are sometimes more conservative than regulators as to where we place a hybrid security in our hierarchy of equity content (compared to regulators' own classification hierarchy), we are rarely more liberal.

The home country financial regulators' capital policy is inscribed in the terms of most bank hybrid capital issues. Not only will the regulatory treatment influence the chosen structure of a hybrid instrument, but the redemption and refinancing of hybrid capital instruments typically is subject to regulatory review. Regulators typically can intervene to enforce the suspension of hybrid coupon payments, restrict the amount of hybrids that an entity can issue, and require any redeemed hybrid to be replaced with an instrument of equivalent strength. Regulators define and accept hybrid capital instruments to allow financial groups to build and manage regulatory capital. They seek instruments that rank below debt in liquidation and that absorb losses while permitting the financial institution to continue to operate. Bank regulators in mature and emerging countries around the world have adopted the Tier 1 and Tier 2 categories of hybrid instruments developed and defined by the Basel Committee on Banking Supervision to rank the instruments by relative capital strength and to regulate capital and leverage in the industry. Bank regulators distinguish between "plain vanilla" subordinated debt, which provides protection to depositors and senior creditors in liquidation, and stronger types of regulatory capital, which defer or eliminate coupon payment under defined circumstances. In many countries, and notably in the EU, regulators further define Tier 2, setting specific standards for eligibility as upper and lower Tier 2 capital. Consequently, when we review a financial institution's hybrid capital instrument, the regulatory intent with respect to the instrument is a dominant factor in our analysis of equity content and payment deferral risk.

The second sector-specific consideration that influences our approach to this sector is that financial institutions are typically characterized by a high degree of financial leverage and heavy ongoing funding requirements. The quality of capital and its ability to provide a cushion against insolvency and liquidity risks are of paramount importance.

Consequently, we apply varying limits to the inclusion of hybrid securities in our capital measures for financial institutions. This parallels the regulatory approach and best fits the highly leveraged nature of financial services companies. These limits vary by degree of equity content: high equity content hybrid securities are subject to higher limits than are intermediate-strong hybrid securities, which are subject to higher limits than are intermediate-adequate hybrid securities (see table 2).

Table 2a

Equity Content Categories - Financial Institutions

Equity content desgnation	Maximum included in adjusted total equity (ATE)*	Examples
High	Up to 50% of adjusted common equity (ACE)	Short-dated mandatory convertible securities (less than three years)
		Issues with participating coupons
Intermediate-strong	Up to 33% of ACE	Noncumulative, perpetual preferred stock
	Up to 18% or 33%** of ACE	Enhanced trust preferred
Intermediate-adequate	Up to 12% of ACE	Conventional trust preferred
Minimal	Not included in ATE	Issues that otherwise qualify for "intermediate" or "high" but have remaining lives of less than 20 years.

Table 2a

Equity Content Categories - Financial Institutions (cont.)

*Maximum amounts are cumulative of lower-designated securities. For example, an issuer that had already issued "intermediate-adequate" hybrids in an amount equal to 12% of ACE could get equity credit for additional "high" issuance up to 38% of ACE (thereby totaling 50%) or up to 21% of ACE in the form of noncumulative perpetual preferred stock (an intermediate-strong instrument, which, by itself, would receive equity credit up to 33% of ACE), thereby aggregating 33% of ACE. **Enhanced trust preferred of regulated N.A. financial institutions is limited to 18%.

Table 2b

Definitions Of ACE And ATE

Common shareholders' equity (as reported by company)	
	(+) Minority interest-equity
	(-) Dividends (not yet accrued or distributed)
	(-) Revaluation reserves
	(-) Goodwill and nonservicing intangibles
	(-) Interest-only strips
	(-) Tax loss carryforwards
	(+/-) Postretirement benefit adjustments
	(+/-) Other adjustments
= Adjusted common equity	
	(+) Preferred stock and hybrid capital instruments (subject to limits)
	(+) General reserves
	(+) Unrealized gains
	(-) Equity in unconsolidated subsidiaries (financial companies)
	(-) Capital for insurance subsidiaries
	(-) Adjustment for securitized assets
= Adjusted total equity	

Like the regulators, we limit the proportion of hybrid securities in our capital ratios because excessive reliance on hybrid securities increases financial leverage due to the fixed cost of servicing the hybrids and potential concentrations in the redemption dates of dated or callable instruments. The servicing cost of hybrids is less flexible than that of common equity, and many hybrids are less permanent than common equity. Investors expect hybrid securities to pay a fixed coupon. Hybrids often contain features that create incentives for management to retire the instrument, or to repurchase common shares that might be issued as a result of a conversion clause. Moreover, many hybrid securities include highly complex combinations of different features and are still relatively novel and untested, making it difficult to foresee how the securities would perform for issuers in different scenarios--and may cast doubt over how they would absorb losses on a going-concern basis. Thus, a prudent financial policy dictates a degree of caution about reliance on capital in this form.

In the same vein, banking regulators impose restrictions on call and step-up features to limit the incentives to retire regulatory capital that is intended to be permanent. In 1998, the Basel Committee on Banking Supervision issued a notification for regulators to limit acceptance of "innovative capital instruments" with calls and step-ups to a maximum of 15% of Tier 1 capital and to subject innovative hybrids to stringent conditions:

- The call option with step-up should be a minimum of 10 years after the issue date;
- The step-up should be less than or equal to 100 basis points (bps), less the swap spread between the initial index

basis and the stepped-up index basis; or the step-up should be less than 50% of the initial credit spread, less the swap spread between the initial index basis and the stepped-up index basis;
- There should be no more than one rate step-up during the life of the instrument; and
- The swap spread should be fixed as of the pricing date and reflect the differential in pricing on that date between the initial reference security or rate and the stepped-up reference security or rate.

Regulators in mature banking markets around the world generally have implemented the 15% Tier 1 limit on innovative hybrids broadly in line with the conditions suggested by the Basel Committee (although there are some exceptions based on the "grandfathering" of previous regulatory agreements).

The following are noteworthy points about our financial institutions methodology:

- As shown in Table 2, we express our caps in terms of percentages of "adjusted common equity" (ACE), as defined. In our capital measures, hybrid capital is included in "adjusted total equity" (ATE), which is a broader form of capital than ACE. Defining our caps in terms of ACE avoids the circularity that otherwise would result if the cap definitions were based directly on ATE.
- We differentiate the equity content of hybrid securities with deferrable payments limited to five years or less (such as conventional trust preferred) and instruments with longer deferral (such as enhanced trust preferred and noncumulative perpetual preferred). The former are typically "intermediate-strong" and the latter "intermediate-adequate."
- Given regulators' role in overseeing and authorizing any refinancing, we are not as concerned about call provisions as with unregulated issuers. Where an issuer is regulated and we believe the regulator will ensure that any refinancing would not be credit-harming, we do not penalize issues with call dates earlier than five years. And even where a call is coupled with a moderate step-up, we do not require a legally binding replacement capital covenant, unless the call date is less than 10 years from the date of the initial issuance. (See sections "Issue Features: Call Provisions" and "Issue Features: Step-Ups, Resets, Remarketings.")
- Hybrid securities with mandatory deferral triggers are never viewed as warranting "high" equity content in the case of confidence-sensitive entities (i.e., financial institutions, including insurance companies). Given financial institutions' heavy funding requirements and need to preserve access to capital markets, hybrid securities with mandatory deferral triggers could result in more harm--stemming from negative market responses--than the benefit derived from reducing debt service obligations. (See section "Issue Features: Mandatory Deferral.")

The following are noteworthy points regarding our approach to U.S. financial institutions in particular:

- The Federal Reserve is considered the leading regulatory authority with respect to hybrid securities by the other bank and securities regulators, who lack detailed frameworks of their own. Thus, we generally assume that the Federal Reserve framework is applicable to all regulated U.S. banks and securities firms.
- Unlike bank regulators in most other countries, the Federal Reserve does not allow issues with step-ups less than 30 years from the initial date of issuance as regulatory capital. This is the approach we take, then, to issues of regulated U.S. financial institutions.
- Our perception is that the Federal Reserve draws a sharp distinction between Tier 1 and Tier 2 capital, placing much greater emphasis on the former in its assessment of capital adequacy (see Table 3). As a consequence, for regulated U.S. financial institutions, we give equity credit only to issues that qualify for Tier 1 regulatory treatment, whatever their characteristics otherwise.
- Generally, in the case of instruments in the intermediate–strong category, we allow for inclusion of the amount outstanding up to 33% of ACE. In the case of U.S. regulated financial institutions, we have a limit of 18% for enhanced trust preferred. (Conventional trust preferred, which we classify as intermediate–adequate, is limited to

12%. Noncumulative perpetual preferred can still qualify for intermediate-strong, up to 33% of ACE.) This special treatment is driven by U.S. regulatory considerations. Specifically, under new rules for determining Tier 1 capital that the Federal Reserve adopted in 2005 and that take effect in first-quarter 2009, so-called "restricted core capital elements," which include trust preferred and other cumulative preferred, are to be limited to 15% of the sum of "core capital components," net of goodwill, for bank holding companies deemed to be "internationally active" (see Table 3). While the Federal Reserve's restriction is limited to internationally active banks (i.e., those with $250 billion or more of consolidated assets or having $10 billion or more of on-balance-sheet foreign exposure), given the caution of the Federal Reserve with respect to including trust preferred in Tier 1 capital, even in its enhanced form, we think it is prudent to depart from our normal numeric guidelines. We also believe that for our analytic purposes it is more prudent to hold all U.S. regulated financial institutions to the same standard. Indeed, it is at the smaller, less-diversified banks where matters of capital adequacy assume greater importance. Thus, in our framework, we limit enhanced trust preferred to 18% of ACE for all regulated U.S. financial institutions.

Table 3

U.S. Federal Reserve Board Framework: Components Of Risk-Based Capital For Bank Holding Companies

Qualifying total capital consist of the following two types of capital components:
- Core capital elements (Tier I)—which must represent at least 50% of qualifying total capital
- Supplementary capital elements (Tier II)

Tier of Capital Elements	Limits	
TIER I*		
Core Capital • Common stock • Perpetual noncumulative preferred stock • Perpetual noncumulative preferred stock convertible into common	Unlimited, but a majority of TIER I must be voting common stock	
Restricted Core Capital • Trust preferred plus three-year forward on common • Trust preferred plus three-to-five-year forward on preferred • Cumulative preferred stock mandatory convertible into common in three years	25% of TIER I	25% of TIER I
Restricted Core Capital (limited for internationally active BHCs) • Cumulative perpetual preferred stock • REIT preferreds (including partnership issued) • Eenhanced trust preferred • Traditional trust preferred securities	25% of TIER I (15% for Internationally active BHCs)	
TIER II		
Supplementary Capital • Non-Tier I portion of securities above** • Long-term dated cumulative preferred stock (20 year min. term) • Perpetual subordinated deferrable debt • Subordinated deferrable debt with automatic conversion features • Subordinated debt mandatorily convertible within 12 years	Up to amount equal to 100% of TIER I (50% of total capital max.)	Up to amount equal to 100% of TIER I (50% of total capital max.)
Supplementary Capital • Intermediate-term preferred stock (five-year min. maturity) • Dated subordinated debt (five-year min. maturity)	Up to amount equal to 50% of TIER I	

*Tier 1 capital is the sum of core capital elements, including permitted restructured core capital elements, less goodwill, other intangible assets, interest-only strips receivables, deferred tax assets, and nonfinancial equity investments.

**Non-Tier I portion of REIT Preferreds, and enhanced and traditional trust preferreds become subject to Lower Tier II limit beginning March 31, 2009.

© Standard & Poor's 2008.

For all financial institutions, the analysis of hybrid capital must be placed in the context of the broader analysis of capital, and of a bank or insurer's creditworthiness. Formulaic ratio-driven analysis represents only part of the overall quantitative and qualitative assessment of capital, which in turn can only be analyzed within the broader commercial and financial profile of the rated company. Capital ratios are visible shorthand signals of balance-sheet strength, but are not closely correlated with credit rating levels. Qualitative analysis of capital policy is fundamental to the global assessment of banks' and insurers' creditworthiness. No single measure fully captures the breadth of information

needed to evaluate an entity's capital adequacy. Industry participants--investors, securities analysts, and the company management itself--at times focus excessively on the management of bank and insurance capital with respect to a specific ratio, to the detriment of analysis of broader issues such as risk profile and management. Capital ratios based on historical data are also less meaningful than expectations of future capitalization under various scenarios. Components in the qualitative analysis of capital include: unrealized capital gains or losses and hidden reserves or losses, access to capital and liquidity from third parties, the nature and extent of minority interests, dividend policy, potential for earnings generation and retention, and management strategy with respect to acquisitions, disposals, and investments.

Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Nonbank Financial Institutions Methodology

U.S. broker-dealers

We apply the same analytical framework for U.S. securities brokers that we have developed for banks. We believe the guidelines we utilize for banks capture our notion of what is prudent for securities brokers, despite the differences in business characteristics and fundamentals. Moreover, in the U.S., there has been a convergence of the regulatory standards applied to banks and those applied to brokers. In June 2004, the SEC established a framework for supervising the parent holding company of a SEC-registered broker-dealer. Four firms--Goldman Sachs, Lehman Brothers, Merrill Lynch, and Morgan Stanley--have opted into this supervisory regime, and have thereby become "consolidated supervised entities" (CSEs). The CSE status includes SEC oversight of capital adequacy. In this regard, the SEC has indicated it will abide by the Federal Reserve's standards for inclusion of hybrid capital issues in regulatory capital. Likewise, then, as with U.S. banks, we cap inclusion of enhanced trust preferred in ATE at 18% of ACE.

Finance companies

In assessing the equity content of finance companies' hybrid capital issues and calculating their capital ratios, we apply the same framework as for banks. Finance companies' asset composition and leverage characteristics are broadly similar to those of banks. While bank regulators' tolerances for hybrid capital issuance are not directly applicable to finance companies, we believe the guidelines we utilize for banks nonetheless capture our notion of what is prudent for finance companies. However, finance companies' enhanced trust-preferred are included in ATE up to 33% of ACE. We do not impose the 18% cap we apply to U.S. banks, since this tighter limitation is based strictly on regulatory considerations. On the other hand, without the external oversight of a regulator to help ensure that prudent capital levels will be maintained, we believe it is appropriate to apply stricter standards for replacement in cases where issues are callable and there is a step-up in the interest or dividend rate if the issue is not called. Here, we utilize the same guidelines as we do in considering corporates. Thus, if the step-up is material, we require an RCC for "intermediate" or "high" equity content, in jurisdictions where RCCs are legally valid and practical (see section "Issue Features: Replacement Capital Covenants").

Asset managers

In assessing equity content and calculating financial ratios of independent asset managers' hybrid capital issues, we essentially use the corporate model rather than the framework applied to banks, finance companies, and broker

dealers. There are three reasons for this. First, commercial banks are highly leveraged, asset-intensive financial institutions; traditional asset managers are not. At most banks, loans and deposits are the largest items on the balance sheet. In contrast, asset managers have relatively small balance sheets. Second, as a result of the nature of their balance sheets, credit metrics differ between banks and traditional asset managers. Third, as banks, brokers, and insurance companies are heavily regulated financial institutions, our approach toward hybrid securities for these entities parallels that of the relevant regulators, whereas, where matters of capital are concerned, asset managers are largely unregulated.

Stock and commodity exchanges

Similar to asset managers, in the case of stock and commodity exchanges, we also employ the corporate model rather than that applied to banks, finance companies, and broker dealers. Our approach toward rating stock and commodity exchanges focuses on the cash flow generated from operations to service their financial obligations. Monoline exchanges that only provide trade execution and ancillary services (e.g., price dissemination) are less capital-intensive than other financial institutions such as banks and brokers. However, more diversified exchanges that also provide clearing and settlement, securities custody, and even banking, require some additional capital to support these more risky businesses.

Applying Hybrid Capital Equity Content Assessment In Credit Analysis: Insurance Methodology

We apply compatible methodologies when assessing the capital strength of banks and insurers, while recognizing the different nature of business risk and regulation in the two industries. We also reflect different national regulators' varied regulatory practices.

Regulatory policy in the insurance sector is generally less developed than in the bank sector; thus, many insurance regulators look to banking regulators for guidance in establishing policy on inclusion of hybrid instruments, including securities with calls and step-ups, in regulatory capital. In some countries, from the U.K. to The Netherlands and to the regulators in some countries of the Gulf Cooperation Council, the combination of bank and insurance regulation under one roof (e.g., the Financial Services Authority in the U.K.) has facilitated a convergence of bank and insurance regulatory policy with respect to hybrid capital. Furthermore, outside the U.S., there is a trend toward more consolidated group supervision—-e.g., by 2012, we expect this to apply to the whole EU under the Solvency II Directive. Still, in other parts of the world, insurance holding companies are rarely formally regulated, unlike bank holding companies. Most hybrid issuance is now from holding companies to give the consolidated groups optimal financial flexibility.

When we rate a regulated insurance or reinsurance company, we take account of the risk of full, formal regulatory intervention and presumed wind-up of the institution. Consequently, the amount of hybrid capital allowable in our capital analysis of insurers and reinsurers can vary according to local regulatory practice as regards eligible solvency capital, though we are rarely more generous than the local regulators. (In jurisdictions where the insurance regulators have expressed no view on a specific hybrid capital instrument issued by an insurance group, Standard & Poor's establishes its own stance on likely regulatory policy with respect to the instrument.)

To better reflect the often significant regional variations in the nature of insurance regulation as well as the many local differences in the regulatory eligibility of diverse forms of capital, we have differentiated criteria in respect of our hybrid capital and double-leverage tolerances. We focus on two analytic variables that are used to establish appropriate tolerances for hybrid capital and for the proceeds of ordinary debt-funded double leverage–-that is, the extent to which regulators are likely to enforce structural subordination on a company-by-company basis, and also the local regulatory tolerance of debt capital in eligible solvency.

For this reason, in line with local regulatory practice and given the extraordinary force of structural subordination that prevails, capital credit may be given in the U.S., for example, for ordinary debt-funded double leverage whereby an insurance holding company raises conventional senior or subordinated debt and downstreams the proceeds of that debt as equity at the regulated subsidiary operating level. In such circumstances, the additional tolerance for "intermediate" hybrid leverage is normally constrained at a maximum of 15% of operating group total adjusted capital (TAC; plus 10% for "high" equity content issues) given the capital credit already allowed for debt-funded double leverage.

Meanwhile, in much of the rest of the world, regulators calculate insurance and reinsurance solvency on a fully consolidated group basis, and generally exclude all leverage and double leverage except that which is funded by eligible hybrid equity. Standard & Poor's analysts in most parts of the world outside the U.S. do not recognize equity content in their group capital analyses for ordinary or subordinated debt, and instead only allow capital credit for explicitly hybrid equity leverage, normally up to 25% of TAC for "intermediate" hybrid issues, or up to 35% of TAC for "high" issues. This difference in regulatory policy is also reflected in holding company notching where, for example, U.S. holding companies are normally rated three notches lower than the counterparty credit rating of the core operating companies in the group. A two-notch differential normally applies to European groups.

For capital models that are based on operating company statutory balance sheets, we deduct the excess over the double-leverage tolerances from TAC. For capital models that are based on consolidated GAAP balance sheets, we add qualifying hybrid capital to TAC, subject to the tolerances referred to in table 4. However, we include any hybrid capital issuance in excess of 15% in the numerator of our leverage calculations. We do not generally recognize hybrid issuance of operating companies (reflected also as hybrid capital in the relevant parent's consolidated financial statements) as such in our consolidated capital adequacy analysis (see table 4).

Table 4a

Maximum Tolerances For Double Leverage And/Or Hybrid Equity Usage

--Cases where enforcement of structural subordination is high and regulators allow holding-company debt to fund operating-company capital (e.g., U.S. and Bermuda)--		--Cases where enforcement of structural subordination is low and regulators exclude holding-company senior debt from group solvency capital (e.g., Europe and Canada)--	
Category	**Maximum tolerance**	**Category**	**Maximum tolerance**
Total double-leverage tolerance	Up to 45% of capital*	Total double-leverage tolerance	Up to 35% of capital*
Debt-funded double leverage	Up to 20% of capital*	Debt-funded double leverage	0%
'High equity content" hybrid tolerance (three-year mandatorily convertible)	Up to 25% of capital*	'High equity content" hybrid tolerance (three-year mandatorily convertible)	Up to 35% of capital*
Sublimit "intermediate equity content" hybrid tolerance	Up to 15% of capital*	Sublimit "intermediate equity content" hybrid tolerance	Up to 25% of capital*

Table 4a

Maximum Tolerances For Double Leverage And/Or Hybrid Equity Usage (cont.)			
'Minimal equity content" hybrid tolerance	0% credit	'Minimal equity content" hybrid tolerance	0% credit
Hybrid Ratios			
U.S.	Standard & Poor's qualifying hybrid/[U.S. GAAP (consolidated) capital + total hybrid + total senior debt]	Europe	Standard & Poor's qualifying hybrid/[group consolidated TAC (excluding hybrid) + regulatory qualifying hybrid capital]
Double Leverage			
U.S.	[Standard & Poor's qualifying hybrid + total senior debt + nonqualifying hybrid] / [U.S. GAAP (consolidated) capital + total hybrid + total senior debt]	Europe	Standard & Poor's qualifying hybrid / [group consolidated TAC (excluding hybrid) + regulatory qualifying hybrid capital]

*The definition of "capital" in regard to the maximum tolerance varies by region. In the U.S. and Bermuda, capital is defined as [U.S. GAAP consolidated equity + total hybrids + debt] with no adjustments to the reported numbers. In Europe and Canada, capital is defined as [total adjusted capital (TAC) + regulatory qualifying hybrids]. Note that TAC is a measure of adjusted equity capital and excludes debt. In Europe and Canada, the hybrid tolerance is higher (e.g. 35% versus 25% for high equity content) to normalize for the smaller denominator, which excludes holding-company debt.

Table 4b

Components Of TAC	
Reported shareholders equity/policyholder surplus	
Plus	Equity minority interests*
Plus	Equalization/catastrophe reserves*
Plus	Prudential margins included in reserves
Minus	Proposed shareholder dividends not accrued
Minus	Standard & Poor's impairment of goodwill
Minus	Other intangible assets
Minus	On-balance-sheet unrealized gains/(losses) on life bonds* ** (post tax***)
Plus	Off-balance-sheet unrealized gains/(losses) on investments other than life bonds* (post tax***)
Minus	Off-balance-sheet pension deficits (post tax***)
Minus	On-balance-sheet pension surpluses (post tax***)
Plus	Up to 100% of off-balance-sheet life value of in-force (post tax***)
Plus	Property/casualty loss reserve surpluses/(deficits) (post tax***)
Plus	Property/casualty loss reserve discount
Plus/Minus	Analyst adjustments
= ECA (economic capital available)	
Minus	Remaining goodwill after Standard & Poor's impairment
Minus	Investment in unconsolidated subsidiaries, associates, and other affiliates
Minus	Investments in own shares/treasury shares
Minus	50% deducted of off-balance-sheet value of in-force (post tax)
Minus	50% deducted of life deferred acquisition costs (post tax)
Minus	100% deducted of property/casualty deferred acquisition costs
Minus	50% deducted of property/casualty loss reserve surpluses
Minus	33% deducted of property/casualty loss reserve discount
Plus	Policyholder capital available to absorb losses

Table 4b

Components Of TAC (cont.)	
Plus/Minus	Analyst adjustments
= TAC before hybrid capital adjustments	
Plus	Hybrid capital (subject to tolerance limits)
Minus	Excess over hybrid tolerance
= Total Adjusted Capital	

*Where not already included in shareholders' equity. **Subject to fair value exception. ***Where tax effect not disclosed, use effective tax rate.

In the insurance sector, we continue to review a variety of prefunded contingent capital arrangements and, assuming acceptable security features, have viewed these as eligible hybrid equity up to 5% of the capital structure for investment-grade issuers. This 5% is a subset of the traditional 15% capital bucket. For example, a trust issues perpetual or long-dated pass-through securities, with the proceeds ultimately used to purchase eligible assets that reside in a Regulation 144 Trust. For these securities, the insurer has a put option giving it the right to put the insurer's preference shares having a liquidation value equivalent to the assets owned by the trust to a special-purpose entity. We would expect a trigger to be included in the securities, requiring mandatory exercise of the put if the insurer's credit strength falls below investment grade for these securities to be viewed as equity currently.

We would accept the instrument, when drawn, as equity subject to the guidelines of any hybrid security. As with other hybrid instruments viewed as equity, they must have an appropriate long-term maturity, cannot be funded with an auction-preferred mechanism, and cannot have any feature that would cause management to make them a short-term security.

Bond insurers

Our approach to the so-called monoline bond insurers differs somewhat from our approach to multiline insurance companies.

What is the equity treatment for hybrid securities issued by a bond insurance holding company, and is there a limit on the amount of hybrid securities that can be part of its capital structure?

In the case of bond insurers, securities with "high" or "intermediate" equity content receive 100% equity treatment subject to limitations, while "minimal" equity content issues receive zero equity treatment and are treated as debt.

There are two ratios in our bond insurance rating criteria that limit the amount of hybrid securities that can be part of an insurers' capital structure:

- Holding company hybrid security tolerance ratio: Hybrid securities are limited to a maximum of 15% of the holding company capital structure. For this ratio, hybrid securities exclude contingent capital facilities. The formulaic expression of the hybrid security tolerance ratio for a bond insurance holding company is: hybrid securities/(capital + hybrid securities); in this ratio, capital is defined as shareholder equity plus long-term debt.
- Holding company total hybrid tolerance security ratio: Hybrid securities plus contingent capital facilities cannot exceed 20% of a holding company's capital structure. Contingent capital facilities are included in this calculation even though they may be "issued" by a subsidiary. The formulaic expression of the total hybrid security tolerance ratio for a bond insurance holding company is: (hybrid securities + contingent capital)/(capital + hybrid securities +

contingent capital).

If a bond insurance holding company exceeds its tolerance ratios, how would the amount that exceeds the tolerance ratios be treated?

Analytical treatment will differ in situations where a holding company exceeds tolerance ratios:

- If the level of consolidated hybrid securities exceeds the tolerance ratios due solely to contingent capital facilities, the overage of the contingent capital facility would be treated as neither debt (for holding company capitalization analysis) nor equity (for operating company capital modeling exercise).
- If the level of consolidated hybrid securities exceeds the hybrid equity tolerance ratio but not the total hybrid equity ratio, the overage of the hybrid equity tolerance ratio would be treated as debt (for holding company capitalization analysis) and the operating insurance company would receive full credit for any contingent capital facility, subject to limitations imposed on the insurance operating company. For example, if a holding company had $3.2 billion of capital, the hybrid security tolerance limit would be $565 million and the total hybrid security tolerance limit would be $800 million. If there were $650 million of "high" or "intermediate" equity content hybrid securities outstanding, only $565 million would receive appropriate equity treatment and the remaining $85 million would be viewed as debt. The presence of a $200 million contingent capital facility would not exceed the total hybrid security tolerance limit.
- If the level of consolidated hybrid securities exceeds the limit due to the combination of contingent capital facilities and other hybrid securities, the amount of hybrid security tolerance consumed by the contingent capital facility would first be evaluated. The remaining hybrid security tolerance cushion would be measured against any remaining hybrid securities to determine the amount of equity treatment for the hybrid securities. For example, if a holding company had $2.8 billion of capital, the total hybrid security tolerance limit would be $700 million. The presence of a $600 million contingent capital facility would leave a cushion of $100 million. If there were $400 million of "high" or "intermediate" equity content hybrid securities outstanding, only $100 million would receive appropriate equity treatment, and the remaining $300 million would be viewed as debt.

What effect does the use of debt and hybrid securities issued by a holding company have on the funding of an operating bond insurance company's capital?

Bond insurance holding companies typically issue debt or equity securities to fund the capital needs of their bond insurance subsidiaries. Once the proceeds from these securities are downstreamed to the operating insurance company, they are viewed as equity for capital adequacy purposes. However, we have criteria that limit the amount of financial leverage a holding company can employ. In determining a holding company's financial leverage, we consider the amount of long-term debt (including hybrid securities over the tolerance ratio) and equity (including hybrid securities under the tolerance ratio). The capitalization ratio is defined as: long-term debt/(long-term debt + equity). For bond insurance holding companies, a capitalization ratio of 20% or less is thought to be appropriate.

What effect does the establishment of a contingent capital facility have on the various insurance operating company capitalization ratios?

When looking at a bond insurance operating company's capital structure, the overall tolerance for contingent capital is 20% of total adjusted capital across all rating categories. Total adjusted capital is defined as statutory surplus plus contingent capital. The formulaic expression of the contingent capital tolerance ratio for an operating insurance

company is: contingent capital/(statutory capital + contingent capital).

If a bond insurer had statutory capital of $3.6 billion, contingent capital would be limited to $900 million. Even if a contingent capital facility totaled $1.0 billion, there would only be recognition of equity content for the $900 million in capital adequacy testing.

Any contingent capital in excess of 20% of total adjusted capital will not be considered in capital adequacy modeling. In addition, these types of capital markets instruments are a component of the reliance-on-soft-capital ratio, which should not be greater than 33%. Fees paid on the entire amount of the contingent capital facility are included as interest expense in the evaluation of the holding company's GAAP interest coverage ratio. The GAAP interest coverage is defined as: (GAAP pretax operating income + interest expense)/interest expense.

In terms of the equity treatment a bond insurer receives in Standard & Poor's capital adequacy model for contingent capital structures, does it matter what type of security would be issued once the bond insurer exercises its put?

First and foremost, the security issued by the bond insurer once it exercises its put must be viewed as equity by the insurance regulator for us to consider recognizing any equity content. Any security viewed as debt does not add to statutory capital, and therefore will receive no recognition of equity content in the capital adequacy model. To date, preferred stock and surplus notes have been the only put securities for which the bond insurers have received any recognition of equity content in the capital model, as regulators view these securities as equity. A contingent capital structure in which the insurer has the option to issue either surplus notes or senior notes once it exercises its put option will receive no recognition of equity content in the capital adequacy model. However, choosing to issue surplus notes would add to statutory capital, while opting to issue senior notes creates a liability and does not add to statutory capital.

Issue Features

In this section we focus on some selected instrument features that tend to play an important role in our determination of equity content. It bears repeating, though, that while detailed assessment of a specific hybrid capital security is obligatory to classify the security by its relative equity value, we ultimately take a holistic approach. Also, it is rare that the detailed features of a hybrid instrument have a material impact on an issuer's overall creditworthiness.

Issue Features: Optional Deferral

We believe issuers' option to defer dividend or interest payments under the terms of most hybrid capital instruments affords significant equity benefit. Such a feature provides issuers with the ability to conserve cash at a time of financial stress, without triggering a legal default.

The longer a company can defer payments, the better. An open-ended ability to defer until financial health is restored is best. As a practical matter, we believe the ability to defer dividend payments for up to five years is most critical in helping to prevent a general default. If the company cannot restore financial health within that period, it probably never will. The ability to defer payments for shorter periods may be valuable, but equity content diminishes quickly as

constraints on the company's discretion increase. We give no more than "minimal" equity content for instruments where the maximum deferral period is less than five years.

Issue Features: Mandatory Deferral

Certain securities have mandatory triggers that force deferral of distributions, conserving cash for a company that is experiencing reverses in its business or funding capabilities. With the use of mandatory triggers, concerns about management's reluctance to exercise the right to defer are avoided. When triggers are set at a level we would equate with the company possibly exercising its right to optionally defer payments, instruments typically warrant "intermediate" equity content, providing they are adequately equity-like in other respects.

When triggers are set at a level close to the company's current rating level (i.e., within two or three rating notches of the current rating), these securities can support the current level of credit quality, and thereby potentially qualify for our "high" equity content designation, providing they are adequately equity-like in other respects. Obviously, though, investors are taking substantial risk--well beyond the issuer default risk--and this risk is reflected in relatively low ratings on the securities themselves (see section "Rating The Issue: Deferral").

On the other hand, we have been concerned that these benefits could be offset by exposing the company to negative market responses. Such "high" equity content instruments may not work as intended--especially if investor reaction to payment deferral is very negative. That concern has become more pronounced in light of recent mortgage-related capital market turbulence, which has underscored the extent to which "headline" factors can dramatically affect financial institutions' (including insurance companies') funding flexibility, whatever the state of credit fundamentals otherwise.

We believe that for companies that are confidence sensitive--such as financial institutions (including insurance companies) --deferrals driven by mandatory triggers could result in more harm than the benefit realized by reduction in debt service obligations. Accordingly, we do not consider hybrids with tight mandatory triggers as eligible for "high" equity content for confidence-sensitive issuers.

More broadly, even for issuers in less confidence-sensitive sectors, if the triggers halt payment while the company is still far from being incapable of making the payments, the benefits of reduced debt service would generally be small relative to the potential headline risk and investor reaction, such as where the trigger threshold is at a level where the company is investment grade. The company could pay a price in terms of its financial flexibility. (Alternatively, the company could be motivated to avoid the deferral by retiring the issue.) We recognize these risks associated with mandatory deferrals in qualitative aspects of our analysis, no matter how the security is treated for ratio calculation purposes.

Specific features of the security could mitigate or heighten the risk--and recent proposals for securities structured to achieve high equity content have included features that are pertinent.

In this regard, the trigger must not be opaque or overly complex. It can be defined by a downgrade or breach of various financial benchmarks that serve as a proxy for credit quality. Any metrics used in defining the triggers need to

be straightforward and highly transparent. But they also must be customized for the specific context of the issuer. Complexity may be hard to avoid, especially given the interplay of business risk with financial indicators of credit quality. (This can be especially challenging in sectors such as regulated utilities, where the business risk profile plays an outsized role.)

Some structures shift deferral risk from the investors by introducing a financial counterparty to stand in for the company at the point of deferral. By effectively dealing with the direct risk to investors, market reaction might arguably be muted. Still, the need for third-party intervention could produce similar negative responses. Moreover, the relationship of such a counterparty vis-à-vis the issuer could give it special clout to avoid or undo the cash savings of any deferral.

Issue Features: Maturities/Scheduled Maturities

We apply a common standard regarding remaining time to maturity to all investment-grade financial institutions (including insurance companies) and corporates, in all regions. Under this standard, we require a hybrid capital issue to have a remaining term of at least 20 years to receive our "intermediate" or "high" equity content designation--unless the issue mandatorily converts into another type of equity-like issue in a shorter time frame. Other things being equal, we view undated (i.e., perpetual) and very long-dated securities as superior instruments from the perspective of equity content. But, as a practical matter, we believe an issue having a remaining life of 20 years or more is sufficiently permanent to warrant our "intermediate" equity content classification when other issue features are consistent with this designation. In the case of financial institutions, we do not use the remaining term of the issue-–beyond 20 years--to differentiate between "intermediate-strong" and "intermediate-adequate" issues. (These subcategories are not used with insurance companies.) Rather, such differentiation would reflect other issue features, such as the flexibility of payments.

"Intermediate" or "high" issues with initial maturities of greater than 20 years that subsequently fall to less than 20 years of remaining maturity are reduced to "minimal" equity content at that point, and as such do not receive any formal equity treatment in our calculation of financial ratios. There is no amortization period. Nevertheless, as a qualitative matter, we are still sensitive to the benefits afforded by such issues–-for example, the deferability of ongoing payments-–even where the "intermediate" or "high" equity content determination is not warranted because the condition of a long remaining term is no longer met.

For speculative-grade issuers, where debt maturities are typically far shorter than with investment-grade credits--and where, more broadly, the scope of our analysis necessarily extends fewer years--we do not apply the same standard. Here hybrid capital issues with maturities shorter than 20 years can still achieve the "intermediate" or "high" equity content designation, assuming other features make this appropriate. Generally, 15 years of remaining life suffices for issuers rated in the 'BB' category, and 10 years for issuers in the 'B' category.

Some issues have so-called "scheduled maturities," where the issuer is required to undertake all "commercially reasonable efforts" to refinance the issue. If the issuer is unsuccessful at refinancing the issue, it must repeat the attempt periodically. We treat scheduled maturities as effective maturities, even where accompanied by legally binding

replacement provisions. The latter do not mitigate scheduled maturities, which still expose the issuer to a sharp increase in financing costs if its credit spreads have widened. (We lower the issue rating to 'C' when it is not redeemed at the scheduled maturity as a result of the issuer's financial distress.)

(Note: We announced the current standards for minimum remaining terms and scheduled maturities on Feb. 20, 2007. Previously, we had different remaining-term standards in different sectors, and did not view scheduled maturities as effective maturities where there was a legally binding replacement provision in place. We stated that our new approach would not be applied to then-outstanding issues or to any then-pending issue where we had already reviewed the terms. Such preexisting issues of banks will continue to receive unchanged recognition of equity content until five years are remaining until maturity, and the equity content will then be amortized down at 20% per year. Such preexisting issues of insurance companies will continue to receive unchanged recognition of equity content until 10 years are remaining, and equity content will then be amortized down at 20% per year. We attribute no equity content when there are five years or less to maturity. Permanence of the instrument remains an essential and enduring criterion for equity content.)

Issue Features: Call Provisions

The ability to call can give reason for pause, since it puts into question whether the issue will remain outstanding beyond the initial call date. However, where an issue contains a call provision, the issuer has the option to redeem the issue, but no obligation to do so. Importantly, there hasn't been any significant market stigma associated with an issuer not calling an issue when there is no step-up. From a credit perspective, it might even be advantageous for the company to retain the flexibility to exercise a call provision—-to take advantage of issuing a similar equity-content hybrid at lower cost if the opportunity presents itself. Thus, typically we have not placed much emphasis on the inclusion of a call provision, especially if the instrument is truly low-cost-—such as with tax-deductible instruments-—and, therefore, shouldn't make the company feel pressed to refinance. However, we consider a hybrid with a longer period to the call date to be more equity-like than one with a shorter period to the call, all else being equal. This reflects the longer period that the former will remain in the capital structure on an obligatory basis.

As long as we believe the issuer intends either to keep the issue outstanding or refinance it with the proceeds of another issue warranting comparable equity content, we do not view the call date as an effective maturity. Still, in the case of unregulated issuers, we are highly skeptical of issuers' intentions in cases where the initial call date is less than five years after issuance: We generally do not give more than "minimal" equity consideration for issues in such cases. When a discrete call date is followed by more than five years during which the issue may not be called, an RCC can mitigate the unregulated issuer's incentive to call. If an issuer is regulated and we believe the regulator will ensure that any refinancing would not be credit-harming, we generally do not penalize issues that may be called earlier than the fifth anniversary or with discrete call dates.

Issue Features: Step-Ups, Resets, Remarketing

We view call provisions that are coupled with step-ups in the dividend/interest rate-—or with other mechanisms that

can likewise increase the cost to the issuer--very differently from simple calls. Where call provisions are combined with material step-ups, they are specifically designed to motivate calling of the issue to avoid the step-up. The idea, obviously, is to convince the market to price the issue as if the term were no longer than the period to the initial call—rather than until the final maturity. Because of investor expectations, the issuer could face reputational risks if it were ultimately to choose not to call the issue (which investors, for their part, have referred to as "extension risk"). This could pressure the issuer to call, even when it were not economically or otherwise optimal for it to do so. Clearly, this is incongruent with the notion of permanence that underlies equity content.

Currently, we view a step-up in the dividend/interest rate of 25 bps or less as not material, and thus not requiring any particular offsetting feature to preserve equity content.

In typical interest rate environments, we view step-ups in the range of 26 bps-100 bps in the case of issues of investment-grade issuers as material, but still moderate. At present, 100 bps is the de facto regulatory limit for banks, in most cases, as well as the norm for investment-grade issuers in most markets. (Under our criteria, we allow up to 200 bps for noninvestment-grade issuers, given that the initial financing cost is relatively higher.) Here, notwithstanding the disincentives, we view it as at least possible that the issuer would choose not to refinance if circumstances were unfavorable: in that event, the resulting higher rate would not be onerous. Still, to preserve the notion of permanence and thus qualify for "intermediate" or "high" equity content, we generally require issues of unregulated issuers with moderate step-ups to have legally binding RCCs. The RCC can restore sufficient assurance of permanence by stipulating that any refinancing be with proceeds of a similarly equity-like issue.

In some cases, bank and insurance regulators accept step-ups set at 50% of the initial credit spread of the issue, as defined. Where regulators have explicitly approved such an approach, we would generally view the step-up as moderate. Although if the step-up appears to us to be onerous (e.g., seemingly reflective of a temporary spike in market pricing), we could still conclude it is not consistent with equity content. Outside of regulated sectors, we would be open to flexible approaches to determining the step-up, but would need to be convinced that the results would not be punitive for the issuer.

Some instruments provide for a step-up in the coupon if the company issues similar capital within a specified time period with a higher coupon. This type of "make-whole" reset burdens the issuer with higher payments when it is likely to be under stress and increases the aversion to issue more capital when it might otherwise be prudent.

We are less concerned about explicit replacement provisions for callable issues of regulated entities, which include banks and bank holding companies in most countries, European insurance groups, North American insurance operating companies, and U.S. broker dealers. In this context, we treat such issuers as U.S. insurance holding companies, regulated utilities, asset managers, securities exchanges and clearinghouses, and unregulated finance companies as effectively unregulated. (Note that while unregulated finance companies require an RCC to offset a moderate step-up, the application of equity content treatment generally follows the methodology applied to regulated financial institutions. See section "Applying Hybrid Capital Equity Credit Assessment In Credit Analysis: Nonbank Financial Institutions.")

In regulated sectors, issues with moderate step-ups but lacking legally binding RCCs qualify for "intermediate" equity

content (but not "high" equity content), provided that the issues meet the standards for "intermediate" equity content in other respects. The spirit of financial institution regulation is to maintain a sound level of capital. Consequently, the oversight powers of the regulators generally include the authority to prevent a call and/or force the issuance of other equally strong capital as a replacement. This, combined with our understanding of the incentives that generally drive financial institutions' (including insurance companies') financial policies, ensures permanence. (Although regulators may in some cases focus only on whether minimum solvency requirements are met, the regulatory authority remains more important analytically, and the presence of a replacement provision would only provide incremental comfort). Under our criteria, when an RCC is not required, we do not look at the RCC expiration date or the other terms as defining the effective maturity or as otherwise being detrimental to equity content. Although we generally look to the regulator to ensure replacement where appropriate, where regulators allow short-dated calls combined with step-ups (we define short-dated as less than 10 years), we would require a legally binding RCC to cure the overwhelming lack of permanence even if the national regulator classifies the issue in question as regulatory capital. On the flipside, where the regulator objects to a step-up or other feature, such as a step-up before year 30 for U.S. bank holding companies, we generally follow that more stringent regulatory approach.

For regulated and unregulated issuers alike, where issues have step-ups of more than 100 bps (or 200 bps in the case of speculative-grade issuers), we view the call/step-up date as the effective maturity of the issue. Also, we do not generally classify securities with call and step-ups of less than five years from the date of issuance as "intermediate" or "high" equity content even if the securities have an RCC. We believe such a short noncall period puts in question the issuer's intentions.

Other repricing mechanisms

We increasingly are skeptical about features that seemingly try to obscure their purpose of provoking the issuer to call the issue. Thus, many long-dated equity hybrids have a fixed rate for the first 10 years, then convert to a variable rate. That variable rate may incorporate a penalty feature, other than a step-up, that is designed to motivate the issuer to call the issue: We then likewise question the permanence of the issue.

One example of such a penalty involves the payment of the highest of various rates that could fluctuate relative to each other. We have accepted as consistent with equity content some approaches that employ two or three rates tied to points on the yield curve, the highest of which determines the instrument's yield for each dividend period. Because the yield curve is normally upward-sloping, we presume the rates will not fluctuate--rather, that the long-term benchmark will pertain.

However, using a long-term benchmark for a security that resets at short intervals would itself be a penalty if not appropriately adjusted. Any long-term benchmark rate must be modified to make it economically comparable with a more appropriate short-term benchmark rate, to eliminate the penalty aspect. For example, the applicable rate could be a percentage of the long-term benchmark rate or "x" bps below the benchmark rate.

We presume that use of a long-term benchmark, on its own or in combinations, is an inherent penalty rate--unless there is an adequate pricing modification that equates it with the short-term benchmark rates ordinarily used for variable-rate debt. We will evaluate securities that incorporate such pricing modifications to a long-term benchmark rate individually. Our acceptance of the specific modified rate will require a rigorous statistical analysis of whether the

modification is adequate. Such analyses should be provided by the structuring bank.

RCCs can remedy a penalty-rate situation, to a point. We are sensitive to the size of the penalty involved, as noted above. If the penalty is greater than moderate (typically, if it exceeds 100 bps in investment grade), we do not recognize equity content even where an RCC is in place. Because of the difficulty in calculating the penalty associated with use of long-term benchmarks, given the constantly fluctuating variables involved, we cannot presume the penalty is 100 bps or less. Therefore, RCCs are insufficient to remedy this feature, without the aforementioned modifications and accompanying statistical analysis.

Other repricing mechanisms that we view as greater than a moderate penalty, and thus inconsistent with equity content, even with the presence of an RCC and/or regulatory oversight, include the following:

- Where there is a reset based on the then-relevant credit spread of the issuer—rather than on the issuer's initial credit spread—such that any deterioration in perceived credit quality would be reflected in a higher cost to the issuer;
- A reset to a floating rate from a fixed rate, but with a pre-established floor, is generally deemed inconsistent with equity content because calling and refinancing the issue may be less expensive than leaving the issue outstanding. However, an exception is sometimes made for instruments that are treated as Tier 1 capital of a regulated financial institution, if we are convinced that the reset mechanism does not represent more than a moderate penalty;
- Discrete calls that are followed by extended periods when the issue is not callable. For unregulated issuers, where that period is longer than five years, an RCC is required. The lengthy period during which the issuer must live with the current terms creates an incentive to redeem on the call date. This mechanism is especially onerous when combined with a coupon step-up because the issue is then subject to the penalty rate for an extended period; and
- Incentives to call that are qualitative, fluctuate, or are otherwise difficult to value will be assessed case by case. Our policy is to view almost every incentive or penalty, when combined with a 100-bps coupon step-up, as problematic, since the coupon step-up is already at the ceiling of the acceptable range for a moderate penalty. Examples could include a loss of favorable accounting treatment, higher cash flows, higher after-tax cost, or loss of peripheral tax benefits.

We do not, however, view the reduction of equity content to "minimal" as increasing the incentive to call, given the qualitative benefits we continue to attribute to issues with minimal equity content, and the paradoxical circularity of that logic.

Under the terms of some initially convertible issues, at some point the issue becomes nonconvertible and the rate increases—supposedly to the rate that would have been in place if the issue initially had not been convertible. We must assess each such case to determine if the increase is indeed consistent with the loss of the option value, and whether the increase in interest expense should be viewed in the same light as a step-up.

Issue Features: Replacement Capital Covenants

An RCC is a legally enforceable commitment by the issuer to replace a hybrid capital issue upon its call, redemption, or repurchase with an instrument having specified characteristics. To be effective in helping to preserve credit quality, the RCC must commit the issuer to replace a hybrid security, if it is called, redeemed, or repurchased, with an instrument having similar equity-like characteristics in terms of payment flexibility, degree of subordination, and permanence. In July 2005, First Tennessee Bank N.A. first demonstrated the feasibility of providing a legally binding

replacement clause when it made a "declaration of covenant" in connection with its preferred stock issuance. The covenant favors holders of the bank's covered debt. Where appropriately structured, an RCC can alleviate our concerns regarding the permanence of an issue having a call provision that is coupled with a moderate step-up: This is the only situation where we have any specific requirement for an RCC under our hybrid capital framework.

With respect to limitations on refinancing, covenants contained in the issue itself have dubious efficacy. After all, investors in the hybrid issue are likely to be indifferent to what the credit quality of the issuer is once their issue has been retired. The RCC addresses this by being structured for the benefit of holders of certain designated "covered" long-term debt of the issuer, giving these debt holders the right to pursue remedies against the issuer if terms of the covenant are not satisfied. Thus, in the legal sense, the replacement covenant is a separate agreement, not part of the hybrid issue indenture.

Beneficiaries of the covenant should be comprised of debtholders with significant amounts outstanding (excluding, of course, any amounts held by the company or its affiliates). If the RCC runs to a specific covered debt issue, the RCC should provide for transfer to another issue upon maturity or repayment of the original covered debt issue. Covered debt is preferably unsecured (senior or subordinated), since unsecured debt holders would ordinarily have the greatest incentive to enforce the covenant. However, even secured debt holders can be expected to act to enforce the RCC on their own behalf-—and we would rely on that in the absence of appropriate unsecured issues to serve as the covered debt.

In addition, the replacement issue should equal at least the amount redeemed. There is one exception: As a practical matter, we take a mix of 50% common equity and 50% debt to be an acceptable alternative to refinancing with 100% hybrid capital, for issues receiving "intermediate" equity content. (Common stock here refers to equity issuance with cash proceeds that can be used to partially refinance the hybrid, not retained earnings or equity issued as payment for acquired assets.) This is based on the rough generalization that the positive impact of common on the company's credit profile is double that of intermediate instruments. We do not generally consider less than full replacement by another hybrid capital issue to be adequate.

Replacement instruments need to warrant at least the original equity content designation ("intermediate" or "high"), in terms of payment flexibility and subordination. It suffices, though, for the term to extend only through the issue's initial effective maturity. In this regard, we recognize the full measure of equity content only so long as an issue has at least a 20-year remaining life. So, in this respect, a 20-year replacement issue would not achieve recognition of equity content received upon the original issuance. While issuing a new security that has limited equity content from day one may not be intuitive at first glance, the effect is identical to all cases where the original is not called. And, the alternative--that no such replacement was to occur—-would imply that no equity content should be granted in the first place. To illustrate: A 30-year security gets equity treatment for only 10 years. (The reasons for this are the company will enjoy a substantial period during which it can defer payments, and the payment of principal is still far enough in the future that it hardly factors into the current rating.) In effect, all nonperpetual hybrids that remain outstanding until maturity will exist for 20 years during which they no longer receive recognition of equity content (the 20 years prior to maturity). If a 30-year security were replaced in year 10 with a new 20-year instrument, that would replicate the initial instrument and be consistent with recognition of equity content for the initial 10 years, and no equity content thereafter.

Finally, the new replacement capital should be raised well in advance of the planned call to avoid incentives to redeem early and bypass the refinancing requirements.

Although RCCs can alleviate concerns regarding the permanence of the issue, they can give rise to new concerns if they are overly rigid and detailed—given the potential for unintended, unforeseeable consequences. For our criteria, issuers can incorporate flexibility in the choice of replacement securities. It is satisfactory for the covenant to commit in general terms that the issue be replaced with a security having similar equity-like characteristics. Moreover, we view as acceptable "carve-outs" that would excuse the issuer from the replacement obligation under certain circumstances, as follows:

- There is no material debt outstanding to serve as covered debt.
- Change of control. The issuer's undergoing a potentially radical transformation of this type is a form of "event risk" that we typically don't factor into either our issuer credit ratings or issue ratings.
- Tax law changes. Without tax deductibility, the cost/benefit of certain equity hybrids changes significantly, and the issuers should be able to call them (or not replace them with hybrids when they have the right to call for other reasons). While this possibility raises a cloud over the permanence of the hybrid, the risk can be assessed through understanding the potential for tax-law changes. Indeed, we would not initially recognize equity content in hybrid issues that faced significant tax risk, given both the potential cost penalty and/or the incentive for the issuer to somehow get out of the security.
- Market disruption. See below.
- Credit quality improvement subsequent to the time of issuance that obviates the need for the hybrid to support rating. The potential measures of credit quality improvement are varied. Any rating upgrade above the rating level at the time of issuance would provide prima facie evidence that the security is no longer needed. Alternatively, we would be willing to consider approaches that relied on indicative financial ratios instead of ratings. Another acceptable indication, albeit indirect, would be the consent to terminate the covenant by holders of the majority amount of covered debt outstanding--excluding amounts held by the issuer or its affiliates.
- Rating-agency criteria change leading to a reduction in the equity content for the security originally issued. Some covenants call for replacement with whatever security would qualify at that time. But since it is impossible to predict in advance what, if anything, would qualify, it is unreasonable to expect replacement on such an open-ended basis. (This carve-out would have to exclude criteria refinements of an incremental or technical nature, since such changes would not justify the issuer's jettison of the hybrid.)

While we accept the aforementioned termination events in the RCC, if one of the termination events were to occur, such that the provisions of the RCC were no longer binding, we would then cease to view the issue as warranting recognition of equity content, given the then lack of permanence. Where the provision is structured to allow the issuer to reelect the obligations of the RCC, and if it were to opt to do so, recognition of equity content could continue to be appropriate.

In countries where RCCs have no legal basis or are otherwise not practicable, such as under Japan's current legal framework, we would consider accepting a statement of intent in its place, providing such statement of intent was straightforward, visibly communicated to the market, was broadly consistent with the issuer's financial policy, and if the step-up was moderate and at least 10 years from the time of issuance. In Japan, the law requires that, for an agreement made for the benefit of a third party to be enforceable, the beneficiary must "express intent to enjoy such right." We believe requiring issuers to solicit such consent from bondholders would be cumbersome. Moreover, such

consent would likely become ineffective once the bonds are traded or transferred to a new investor. Similarly we would consider accepting a nonbinding statement for any issuer with no eligible covered debt.

Issue Features: Market Disruption Events (MDEs)

The MDE concept initially arose in the context of mandatory alternative-payment mechanisms (APMs/ACSMs; see below). The MDE addressed the risk that a company faced legal obligations to pay with proceeds of common equity issuance, but was unable to execute its obligations due to market disruption. Scenarios such as the closure of financial markets after Sept. 11, 2001, were the focus of this concern. The MDE allowed the company to defer its obligations until the disruption passed.

In the context of RCCs, MDEs also provide flexibility in the event of such "force majeure" scenarios. If an issuer has redeemed an outstanding hybrid issue (or legally committed itself to redeem) in a way that requires replacement, it must be allowed to defer that replacement as long as there is no practicable possibility of doing so. It should go without saying that it is unacceptable for such provisions to effectively create an opportunity for an issuer, upon an MDE, to redeem the hybrid and completely negate the replacement obligation.

The definition of such disruption needs to be very clear and objective, and limited to scenarios that are remote. Poor economic conditions, depressed financial markets, distressed pricing for the company's securities, and so on do not fit the definition of an acceptable MDE as we conceive it.

Most issues with RCCs provide for the replacement securities to be issued before the call and before serving redemption notice to bondholders. The proceeds of the new securities are meant to be used to fund the call. Accordingly, in such cases, the MDE provisions are irrelevant.

Issue Features: Dividend Stoppers, Look-Backs, And Pushers

Many types of hybrid capital instruments include so-called dividend stoppers, whereby if there is an optional or mandatory deferral of dividends/interest on the hybrid issue, the company is prohibited from making payments on any pari passu or more junior issues--including making dividend payments on common stock--until the arrearage, if any, has been cured. We generally view such a stipulation as a neutral factor from a credit perspective. On the one hand, eliminating both the common dividend and the hybrid payment maximizes the overall cash conserved. On the other hand, the link between the two may increase the reluctance of the issuer to forgo paying on the hybrid. Indeed, in cases where shareholder expectations or tax considerations (for REITs) increase the reluctance to suspend common dividends, omitting the dividend stopper could significantly increase the issuer's willingness to defer payments on the hybrid issue. This could enable a REIT's hybrid instrument to merit intermediate equity content, assuming other terms meet Standard & Poor's criteria. In general, the presence or absence of a common dividend stopper is not essential to our recognition of equity content.

Some instruments incorporate so-called look-backs, which we view as detrimental from a credit perspective. In these instruments, the right to optionally defer applies only after a period of no share repurchases or payment of common

dividends. The main point of deferrable payment securities is to accommodate a company that has a crisis and needs to save cash. Look-backs constrain this flexibility, as a practical matter, if the company had recently paid a dividend or repurchased any stock.

The details of the look-back provision dictate the extent of the potential problem. For example, does even the repurchase of a trivial amount of stock in conjunction with an employee option plan violate the look-back? Is the look-back period a quarter? Six months? One year? How do the frequency and juxtaposition of common and preferred dividend payment dates affect the possible delay?

The existence of a look-back that could impose a delay of one or more years would disqualify a security for our "intermediate" equity content category. (In the case of hybrid issuers that are speculative grade, even a potential delay of six months would rule out "intermediate" equity treatment.) Importantly, even where a look-back period is shorter and does not in itself disqualify the security, the potential for delay is still problematic--and, in combination with other features of the security, can affect its equity content categorization.

With respect to mandatory-deferral instruments, look-backs (sometimes termed "pushers") undermine the nondiscretionary aspect of the deferral. The company can choose to short-circuit the deferral by paying a paltry common dividend, for example. Such issues would, therefore, never qualify for our "high" equity content category.

Issue Features: Alternative Payment Mechanisms/Alternative Coupon-Settlement Mechanisms (APM/ACSM)

Optional deferral

Certain hybrid capital instruments combine optional deferral with a requirement that the company, at some point following the initial deferral, issue common stock, more of the same hybrid issue, or some other hybrid security, and utilize the proceeds to make up the arrearage and resume payments. Such mechanisms are variously referred to as APMs or ACSMs. We believe such a requirement significantly undermines the value of the optional deferral provision. The prospect of having to sell even a small amount of additional securities at a point when their pricing would likely be depressed could well serve as a disincentive for the company to defer in the first place.

Therefore, when such a requirement becomes effective within five years of the initial deferral, we would generally view such an instrument as warranting "minimal" equity content under our framework. (The base five-year requirement has long been our standard for an interval when the company can reasonably be expected to effect a turnaround, if it is to do so. We would not be as concerned about a requirement to issue shares that only becomes effective beyond five years: Such a requirement is unlikely to be a significant consideration for management when first weighing the possibility of deferring.)

Nevertheless, we would make an exception--and view the issue as compatible with "intermediate" treatment, depending on our holistic view of the instrument--if doubts about the company's willingness to defer were addressed by appropriately structured mandatory deferral triggers, thereby removing discretion from management (see below).

We would also make an exception where all three of the following conditions were met:

- Prior to five years, there is no requirement to issue additional securities unless hybrid payments are resumed. In this way, management retains some control of the timing of the capital raising.
- Before five years of deferral have elapsed, the additional common shares that are required to be issued to meet the dividend or interest requirement are limited to a relatively modest amount: for corporate and other unregulated issuers, no more than an aggregate of 2% of the total number of shares outstanding during the period the deferral continues. This mitigates concerns about dilution avoidance as a motive weighing on management. (Note: out-of-the money warrants to purchase common shares could be used as an alternative to directly issuing shares. This may be marginally more acceptable to management because the share price would have to appreciate before the warrants were exercised. Nevertheless, the same tight limit on the number of shares covered by the warrants would still be appropriate. In the case of certain regulated financial institutions, we have accepted what is sometimes a looser standard--warrants capped at 2% of market value, rather than 2% of shares outstanding.)
- The company has the option of issuing more of the hybrid or of another hybrid, and if it does so, the company is required to issue no more than 25% of the initial principal amount. This provides further assurance about dilution concerns, since the company will have an alternative that could well be seen as more attractive than common stock issuance. Moreover, there will be protection against the company's being burdened by a substantial amount of new obligations with uneconomic terms.

Direct allocation of additional hybrid securities, commonly referred to as "PIK payment," to the initial hybrid investors (requiring no new market issuance) would be even less problematic, at least when the basis of valuation is the nominal value as opposed to the market value.

Mandatory deferral

In certain instruments, an APM/ACSM-type mechanism is coupled with a mandatory deferral provision. For example, some issues define mandatory deferral triggers in terms of financial tests, such as the following:

- Cumulative consolidated net income for the two half-year periods ending six months prior to the coupon date must be less than zero; and
- Adjusted consolidated shareholders' funds must decline by 10% or more during the four half-year periods ending six months prior to the coupon date; and
- Six months after the prior two triggers have been activated, total adjusted capital (including mandatory convertibles and/or hybrid securities) must have declined by more than 10% during the preceding five half-year periods.

However, with the breach of these conditions, the issuer has the option to issue common stock or other specified securities before the payment date-–in sufficient amount to fund the payment owed, or, in other cases, in sufficient amount to offset the decline in capital–—and thereby avoid the payment deferral. We believe such an optional capital-raising feature undermines some of the equity benefit of the mandatory deferral provision. We see a risk that in cases short of financial distress, companies might succumb to investor pressure to utilize the capital-raising option—even if, from a credit perspective, the company's capital markets access would best be utilized for other purposes, or conserved. Lest there be any doubt, some companies have actually made explicit "best endeavors undertakings," in which they state in the issue offering materials that they would always undertake to raise fresh capital as needed to avoid a deferral. In other instruments, there is not an option, but rather a contractual requirement to undertake the sale of common stock or other equity-like issues immediately upon the breach of defined financial tests.

We have accepted such provisions as consistent with "intermediate" equity content, but not with "high" equity content. To warrant the "high" equity content designation, no forced or "best efforts"–based (or even optional) settlement of

mandatorily deferred amounts must be allowed to take place until the earlier of five years from the initially scheduled payment date or the point at which the breach is cured. For both "intermediate" equity content issues, there must be a prohibition against repurchasing the settlement currency (other than payment-in-kind at face value) extending at least 12 months from the cure date. Otherwise, through share repurchases, the issuer could well thwart the cash conservation on which our determination of equity content relies. (See section "Equity Content Categories.")

Issue Features: Conversion Into Common Stock And Share Settlement

We do not recognize equity content, per se, for a provision whereby an issue can convert into common stock at some premium, at the option of the investor. While, historically, many such issues have ultimately converted, we view this feature as a positive contingency. That is, if the company fares well and this is reflected in significant share price appreciation, then conversion would likely occur. (In theory, if the share price had appreciated well above the conversion price, there was only a short time remaining before the issuer could call the issue and thereby force conversion, and we were confident the issuer intended to do just that, we could then view the situation as warranting recognition of some amount of equity content. However, we have been reluctant to formalize this approach, given the rapidity with which share price volatility can erase even seemingly unassailable stock price gains.) On the other hand, if the issuer is struggling, this is highly likely to be reflected in a depressed share price, making the conversion uneconomic for investors. Of course, investors value the conversion option, and this should translate into lower interest cost for the issuer—something beneficial for the issuer, regardless of whether the issue ultimately converts. And if the conversion feature is combined with other features that qualify the instrument for "intermediate" or "high" equity content, the conversion feature certainly does not detract from equity content, in our view.

Likewise, we don't recognize equity content for a provision whereby the company has the option to repay an issue upon redemption or maturity by issuing common shares to the holders at the then-share price, instead of using cash. Although such a provision may save the company an underwriting fee, our assumption is that it could always choose to finance the maturity with a separate common stock offering, if inclined to issue common stock. Of course, if the local equity market were relatively underdeveloped or dormant, then such a provision would perhaps deserve more recognition.

Although leaving it up to the company to determine how to settle a convertible instrument does not necessarily detract from credit quality, if investors' exercise of an optional conversion provision means the issuer is required to repay the principal amount in cash—with only the appreciation settled in shares—we view that as the equivalent of a put. The instrument is more debt-like than equity-like. Share appreciation ordinarily being correlated with good performance by the company does not mean that maintaining capital adequacy is irrelevant to the company's credit profile.

As discussed above, we view mandatory conversion into common stock in a very different light. If the issuer's share price at the outset is used as a floor to limit the extent of shareholder dilution, if the ultimate conversion is no more than three years from the time of issuance in the case of investment-grade issuers (two years for issuers with issuer credit ratings in the 'BB' category; one year for issuers with issuer credit ratings in the 'B' category), and if various other conditions are met, an issue with such a feature can achieve "high" equity content. Otherwise, such issues are generally viewed as debt-like, given the concern that the shares issued would be repurchased.

Some instruments provide for a change in the conversion or exchange ratio if the company issues common shares within a specified time period at a lower price. (In lieu of changing the conversion ratio, some issues call for a cash payment to the hybrid holders.) This type of "make-whole" feature increases the aversion to issue more capital when it might otherwise be prudent and may burden the issuer with more dilution.

We do not consider an issue that converts or exchanges into common stock of a company other than the issuer as having equity content. Rather, we treat such an issue as an asset monetization, in that the issuer exchanges one asset (its equity stake in the third party) for another--the proceeds of the issue--albeit with a significant time delay between the latter and the former. The overall impact of the transaction can be positive, neutral, or negative, depending on such factors as the value realized for the equity stake relative to our expectations, our perception of the risks related to the equity stake, the cost of the financing (taking account of tax considerations), and the use of proceeds.

Rating The Issue

In the corporate and financial institutions sectors, we assign two types of credit ratings--one to issuers and the other to individual issues. The first type is called variously an issuer credit rating (ICR), counterparty credit rating, or corporate credit rating. It is our current opinion of an issuer's ability and willingness to meet its financial commitments on a timely basis. In contrast, while issue ratings address timeliness, they also address the potential for recovery of principal in the event of a bankruptcy or liquidation of the issuer--that is, the ranking of the issue.

Most types of hybrid capital instruments afford equity benefit to issuers by having ongoing payment requirements that are more flexible than interest payments associated with conventional debt, and by being contractually subordinated to such debt. Obviously, these characteristics make the instruments riskier for investors than debt. In assigning issue ratings to hybrid capital issues, we seek to assess the incremental risks associated with the issue in terms of payment timeliness and principal recovery compared to the ICR and to nondeferrable debt. We reflect these risks in the ratings of hybrid capital issues by assigning them ratings that are "notched down" from the ICR. Owing to the unpredictable nature of some of the risks to which hybrid capital issue ratings are subject, the ratings are potentially more volatile than the ratings on conventional debt issues.

We utilize a common framework across our corporate and financial institutions practices and across regions. However, the rating dynamics can work differently. For example, in the banking sector, most instances of companies deferring payments on trust preferred have reflected the intervention of regulators. In theory, given banks' high funding needs and the importance of maintaining confidence in the specific bank and the entire financial sector, the regulatory order to defer may occur when the company's credit quality is still stronger than the point where most corporates would consider such an action. So, in certain circumstances, where a bank is experiencing deteriorating credit quality, we may decide to widen the gap between the ICR and hybrid capital issue rating at an earlier point than for a corporate on a similar trajectory.

We also utilize this framework across the rating spectrum. In the case of highly rated issuers, the prospect of financial distress is, by definition, extremely distant. Still, issue ratings reflect our relative assessment of how different instruments in the issuer's capital structure might fare, should the downside case materialize. Some highly rated issuers

have argued that in their particular cases, the risk of deferral is so remote that it should not be reflected in a lower issue rating than for subordinated debt. If we accepted this argument, we would not notch down for deferral risk, but we would also see little basis for recognizing equity content in the issue.

Rating The Issue: Subordination

Subordination adversely affects the ultimate recovery prospects of subordinated obligation holders in a bankruptcy, since claims of priority creditors must be satisfied first. For issuers with investment-grade ICRs, we assign a rating one notch below the ICR for issues that are subordinated (but not deferrable). We typically rate subordinated instruments with deferrable coupons two notches below the ICR when it is investment grade (see details in next section). We do not distinguish in the notching between gradations of subordination: Junior subordinated issues and senior subordinated issues are rated the same. Experience has shown that, in bankruptcy, ultimate recoveries for different classes of subordinated instruments tend to be similar--and poor. (Likewise, other things being equal, we don't distinguish between hybrid capital issues that are cumulative and those that are noncumulative, since there is little reason to suppose recovery prospects of the two are materially different.)

Historically, in the case of issuers with speculative-grade ICRs, we automatically rated the issue two notches below the ICR just to reflect subordination (apart from the incremental notching for deferral risk). Under the updated Issue Rating and Recovery Analytics framework published on May 30, 2007 ("Recovery Analytics Update: Enhanced Recovery Scale And Issue Ratings Framework"), hybrid capital issues of speculative-grade issuers (except banks) can be notched down based on issuer-specific and instrument-specific recovery prospects in countries where we have adopted this issue rating approach and extended it for hybrid capital instruments. (Elsewhere, the two-notch differential for subordination remains automatic.) However, as a practical matter, this makes little difference to our rating conclusions: We expect the vast majority of nondeferrable subordinated instruments of speculative-grade issuers to receive a recovery rating of '6' on the revised scale (0%-10% recovery of principal post default), which would imply the same two-notch differential from the ICR that these instruments would otherwise be assigned just for subordination.

When a holding company issues the hybrid capital instrument, as is common for U.S. financial institutions, the notching is relative to our ICR on the holding company, which is typically lower than the ICR on the main operating unit.

Rating The Issue: Deferral

Payment risk can be heightened in the case of hybrid capital issues due to:

- The right of optional deferral, where management has the option under the terms of the instrument to suspend or cancel distributions without triggering a default (see section "Issue Features: Optional Deferral");
- Mandatory deferral, where, with the breaching of one or more predetermined triggers, the issuer is required to suspend payments (see section "Issue Features: Mandatory Deferral"); and
- Regulators' ability, in certain cases, to order companies to defer or cancel payments.

Our objective is to fully reflect payment deferral risk in hybrid capital issue ratings, whatever the potential driver of the

deferral. As deferral becomes an increasingly likely prospect, the gap between the ICR and the hybrid capital instrument would widen to reflect the heightened risk of deferral.

Optional deferral

We assume that issuers will be loath to exercise their right of optional deferral, given the negative reaction this evokes among investors and hence the ramifications it can have for the issuer's future access to capital markets. Deferral risk is heightened when the issuer faces increased prospects of financial distress, such that management's reluctance to defer may ultimately be overcome in favor of the need to conserve cash. As referred to above, the "pressure points" may differ for different types of issuers, meaning the consideration of deferral may come at earlier or later stages in the course of credit deterioration. One danger sign is when a company curtails or eliminates its dividend on common stock: This is sometimes a precursor to a deferral on equity hybrids. (Most equity hybrids have a "dividend stopper" that prevents the company from making any distributions to its common stockholders while it is deferring distributions on the hybrid; see section "Issue Features: Dividend Stoppers, Look-Backs, And Pushers.")

If a corporate has an unusually large proportion of equity hybrids in its capitalization, it may have an added incentive to defer, due to the significance of the cash flow savings that would result and perhaps pressure from senior lenders. However, in the case of large, regulated financial institutions, we believe this could cut both ways: the greater the amount of outstanding hybrids, the greater the potential for a systemic disruption or a backlash in the capital markets. This could give the issuer more of an incentive to continue payments under all circumstances.

Mandatory deferral

Triggers for mandatory deferral vary. Some consist of earnings-, cash flow-, or capitalization-based financial ratio tests; others refer to the issuer's incurrence of a loss during a defined period or the failure to meet specified minimum regulatory capital requirements. Still others tie the payment of the distribution on the equity hybrid directly to the company's payment of the common stock dividend.

Obviously, the payment deferral risk for the hybrid capital issue investor is higher when it would take only a minor and temporary shortfall in profitability to cause the deferral, for example. On the other hand, if it would take circumstances so dire for the trigger to be breached that the issuer would likely be on the brink of bankruptcy, then the payment risks for the hybrid capital issue investor would not be materially different than they would be for debt holders.

Triggers for mandatory deferral may be included in the terms of the hybrid capital issue. Alternatively, they may be included in the terms of other financing agreements or indentures of the issuer—for example, in the form of a financial covenant under a committed credit facility prohibiting the payment of dividends on all common and preferred stock if certain tests are breached. In our surveillance of hybrid capital issue ratings, we are alert to any changes in the issuer's financing agreements or indentures that could bear on its ability to make payments on a hybrid issue.

Regulatory deferral

In some regulated financial services sectors, regulators have the authority to direct companies to defer payments on equity hybrids based on the regulators' own assessment of what is prudent. In certain cases, banks have been ordered to defer even when they met all regulatory capital requirements (for example, Riggs National Corp., a bank holding company that was required to defer payments on trust-preferred securities in December 2004). Assessing the risk of deferral in the case of a regulated company requires careful consideration of sector- and country-specific factors,

including precedents of deferral ordered by the regulatory body in question. Especially important is the identification of financial measures to which the regulator is particularly sensitive.

The authority and intent of financial regulators to order deferral of payments in certain circumstances--whether or not clearly defined--means that most hybrid capital securities of regulated financial institutions can be viewed as having de facto mandatory deferral. Regulated financial institutions structure hybrids according to rules established by national regulators for regulatory capital measures. This includes the definitions of the capital ratios or performance measures that would trigger payment deferral if breached. The triggers for deferral--typically the regulatory minimum capital ratio for banks and insurers--are usually made explicit in the covenants of the hybrid security. Less often, the trigger is not explicit in the document but is understood by both issuer and regulator.

Rating The Issue: Factoring Payment Risk Into Issue Ratings

In reflecting payment/deferral risk in hybrid capital issue ratings, we evaluate the different sources of deferral risk that are present and seek to assess their combined significance. Where deferral is possible but we believe the prospect of a deferral is relatively remote for the foreseeable future, we take one notch from the ICR in setting the issue rating, whether the ICR is investment grade or speculative grade (subordination will increase the notching, as explained in the prior section). A one-notch differential is the typical treatment for issues that have optional deferral alone. For example, the subordinated and optionally deferrable issue of an issuer rated 'BBB+' would generally be rated 'BBB-'--one notch for subordination and one notch for payment deferral risk. If the issue were senior and deferrable (a rare but not unheard of combination), the issue would be rated 'BBB'. We take the same approach even at the highest rating levels. (Note that a subordinated and deferrable issue of a 'AAA' rated issuer is typically rated 'AA'. Because there is no 'AAA-' rating in our rating scale, 'AA' is two notches below 'AAA'.)

When we have heightened concerns that the issuer may defer--whether due to the exercise of its right to defer optionally, the breaching of a mandatory deferral trigger, or the exercise of a regulator's prerogatives--we increase the gap between the ICR and the issue rating. We do not impose any arbitrary limit on the size of the gap. So, in an extreme example, if the ICR of an issuer were investment grade, but we believed that there was a substantial risk that the payment on the issuer's trust-preferred securities could be deferred within a few quarters, the issue would have a low speculative-grade rating. On the other hand, if the issuer faced the immediate prospect of financial distress, yet we believed management remained determined-–for whatever reason-–not to exercise the right to optionally defer, we could, at least in theory, narrow the notching for deferral risk.

Combinations of different forms of deferral may or may not increase deferral risk. For example, if an issue has mandatory and optional deferability, and the mandatory triggers are defined so that they could be breached without there necessarily having been fundamental erosion in the issuer's credit quality, then the risks to investors would be greater than if there were optional deferability alone. The same would be true if the triggers were more reflective of fundamental credit quality, but could be breached before the point where the issuer would contemplate optional deferral. In either of these cases, a lower issue rating would be warranted than if there were optional deferability alone. In these circumstances we generally add to the gap between the issue rating and the issuer credit rating. On the other hand, if the mandatory trigger were sufficiently remote that we believed it would be unlikely to be breached before the

company would otherwise have optionally deferred, then we would not take away additional notches for the mandatory deferability compared to what would be appropriate for the optional deferability alone.

For example, MetLife Inc. issued $2.1 billion of noncumulative perpetual preferred in 2005 that was rated 'BBB', three notches below the ICR. The issue has both optional and mandatory deferral. The mandatory deferral is breached by the triggering of either of the following:

- Consolidated net income during any consecutive four quarters is zero or less AND shareholders' equity declines 10% or more during the most recent eight quarters AND MetLife cannot reduce the decline in shareholders' equity within the subsequent two quarters to less than the 10% threshold through equity issuance; or
- The risk-based capital ratio of Metlife's largest U.S. life insurance subsidiaries falls below 175% of the company action level.

Analytically, it was deemed reasonably possible, while not expected, that MetLife could have an atypical earnings event or a decline in its GAAP equity that would cause the first trigger to be breached, even while the company remained financially strong. More importantly, the second trigger relates only to measures of solvency for a portion of Metlife's U.S. life insurance operations, while the ICR reflects the diversity afforded by the company's U.S. property and casualty operations and its growing presence outside the U.S.

We have rated a number of mandatory deferrable issues where, as in the first trigger in the MetLife transaction, triggers are defined to give the issuer the chance to make up for a decline in shareholders' equity by issuing new equity. Some issuers of these instruments have argued that this completely mitigates mandatory deferral risk, since it would always be their company's intention to take whatever actions were necessary to forestall the breach of the trigger, barring cases where they would want to exercise the right to optionally defer. Some issuers have even put such assertions in the form of "best endeavors" undertakings included in offering documents or other filings. We must be skeptical about such assertions, just given the remoteness of the prospect of deferral, and the adverse changes the issuers might have undergone by the time that point was reached. However, if we were convinced that the company, apart from situations where it would optionally defer, would always avail itself of whatever capital markets access it had to avoid a breach of the mandatory trigger, then we would not notch down incrementally for the mandatory deferral risk; rather, we would only notch once, for the risk of optional deferral. However, there would then be little basis for ascribing any extra value in terms of equity content (beyond that warranted due to the optional deferral feature alone) to the mandatory deferral feature.

If a mandatory deferral trigger is defined in such a manner that we believed the trigger would always be breached before the company would otherwise consider deferring optionally, and if the company is legally required to issue common shares immediately upon the breach of the trigger, then we could conclude that deferral risk had been effectively eliminated, and not notch down for deferral risk.

In the case of regulated financial institutions, explicit mandatory deferral triggers do not add to deferral risk stemming from regulation if--as is generally the case--the triggers just replicate the capital standards that a regulator applies in determining whether to order a deferral. Also, in the case of banks, we consider it particularly unlikely that a company would exercise unilaterally its right to defer optionally. Moreover, we would generally presume that bank regulators would act preemptively to force banks to raise capital (or divest some activities) to prevent regulatory capital

guidelines from being breached. Thus, in most instances we take away only one notch for deferral risk in rating hybrid capital issues of investment-grade banks, even where there is a combination of optional deferral and regulatory deferral risk.

For example, certain Spanish and Australian banks' hybrid capital issues contain relatively narrow earnings tests, which link the payment of a coupon to the existence of profits in the previous fiscal year. However, we do not believe that the local regulators will apply these tests mechanistically. Rather, we expect there to be situations where the issuer reports a loss, but where the regulator still allows the issuer to pay a coupon. (The terms and conditions allow this flexibility.) We believe that the likelihood of regulatory intervention will depend on the circumstances that have given rise to the reported loss and that the probability of regulatory intervention on these hybrids is not materially affected by the existence of the tests. Yet, as indicated above, we would notch to a greater extent in cases we view as exceptional. Examples would be where we perceive that the likelihood of a reported loss has increased materially, or if we come to believe that the regulatory approach to the narrow earnings test would be more mechanistic.

Rating The Issue: Default And Distress

On July 23, 2008, we expanded the definition of our 'C' long-term issue credit rating to include issues on which cash coupon payments have been deferred, eliminated, or in some cases, paid in-kind, as permitted under the terms of the issue. The definition expansion only affects the rating that we assign to a hybrid capital issue when the cash coupon on the instrument is no longer being paid, but the issuer is not bankrupt or insolvent and our credit rating [ICR] on the company is not 'D', 'SD', or 'R'. We will generally continue to assign a 'D' rating to issues that are in payment default, to issues that have been subject to a distressed exchange, or when the issuer has filed for bankruptcy or taken similar action.

Some issues with mandatory deferability have clauses that require the issuer to undertake the sale of common or preferred stock and utilize the proceeds to make the distribution. If the payment can be made on a timely basis, we would not view this as a default. In such circumstances, we believe a grace period of up to 30 calendar days is appropriate—equivalent to the grace period commonly found in conventional debt issues. However, there is the risk that the company would be unable to complete the required share issuance, depending on the company's circumstances and conditions in the capital markets. So far, we have not notched down a second notch for mandatory deferability in cases where "best efforts" share issuance (or issuance of other securities) would then be immediately required. However, we could reassess this approach as we gain more insight into the practicability of this requirement. In any event, we will notch down when we believe that under the most likely scenario where a deferral could occur, the issuer's financial strength and share price would have declined so precipitously that the issuer's ability to complete even a modest-size common stock issuance (or issuance of other securities) could be dubious.

In theory, if we were convinced that the deferral of payments was highly unlikely to occur absent a default by the company on all of its obligations and/or a bankruptcy filing, then we would not notch at all for deferral risk, only for subordination.

Rating The Issue : Government Support

The policy for rating the hybrid equity securities of government-supported entities deserves particular mention. When Standard & Poor's expects the government to support a government-supported entity's debt obligations but has less confidence that the support would be extended to the government-supported entity's equity hybrids, then the base for the notching of the equity hybrid issue rating is not just the ICR (which factors in the imputed government support). The issuer's stand-alone profile (absent government support factors, including extraordinary intervention and rescue) is also a relevant rating factor in these situations.

This indeed was the case in Japan in the late 1990s and early in the current decade, when Japan's government provided massive support to the private banking sector to maintain confidence and prevent the failures of many institutions. The government support did not extend to all hybrid capital securities of Japanese banking groups during that period, however, and some of the bank hybrids, notably the operating company (opco) preferred securities, deferred payments. Two prominent cases of deferral were those of Resona Bank and UFJ Bank (through opco Tokai Preferred Capital Co.). During this period, we widened the notching of hybrid equity securities, including opco preferred securities, up to six notches below the ICR of the issuing groups. In the cases cited, the banks avoided liquidity problems after the payment deferrals: UFJ was merged with higher-rated Mitsubishi Tokyo Financial Group, and Resona Bank was under the direct control of the government.

A more recent example is the U.K. bank Northern Rock PLC, which has received significant liquidity support from the U.K. government since September 2007 and was nationalized in February 2008. The liquidity support includes a government guarantee arrangement that covers Northern Rock's deposits and senior unsecured wholesale funding, but explicitly excludes its subordinated capital issues. Northern Rock's preference shares (a Tier 1 capital instrument) were included within the nationalization, and ownership of them has consequently transferred to the government, with compensation to be determined by an independent valuer. These preference shares are now rated 'D' to reflect the impact on the prenationalization investors, who have not, to date, received any compensation for the change in ownership. Northern Rock's two other Tier 1 issues remain with their existing owners and are up-to-date with coupon payments.

Our approach would be similar in the case of an entity whose ICR benefited from support of a strong parent, but where we doubted whether parental support would be extended to the subsidiary's hybrid capital.

Rating The Issue: The Rating Approach To PIK Debt

PIK debt can pay interest in cash or in-kind in certain circumstances. These obligations are typically issued by speculative-grade corporates. PIK means that the investor, in lieu of cash, receives more of the same note, or that the note's principal is increased. There are several forms of PIK debt. In their simplest form, PIK notes pay interest in kind from the outset and for the life of the instrument. These are similar to zero-coupon bonds. Although such issues can help highly leveraged companies conserve cash, the generally steep interest rate and rapid accretion give the issuer a strong incentive to refinance the issue. Our ratings for such issues are not notched down to reflect default risk to a

greater extent than for ordinary debt issues of the company-—only to reflect subordination (if applicable).

Some PIK debt initially requires cash interest payments, but gives the issuer the option of paying in-kind later. Such an issue is analogous to deferrable payment equity hybrid securities. Although the PIK option is contractually permitted, the expectation is that the company will pay cash unless it faces severe financial distress. Accordingly, we reflect that risk with additional notching (for deferral risk) at the time of issuance.

Toggle notes are somewhat different from the two types described above, in that they are designed to facilitate switching back and forth between cash payment and PIK distributions, according to the preferences of the issuer. (In some cases mixed cash/PIK payments are also permitted.) When the PIK option is utilized, there is a bump-up in the interest rate, intended to make the investor relatively indifferent. With appropriate disclosure at the time of issuance, the investor knows to expect a toggling cash/PIK payment pattern. The fact that the issuer is noninvestment grade also helps to support this expectation. Where we are satisfied that disclosures are sufficient to give investors the expectation of receiving PIK at various stages of the security's life, and where the issuer is noninvestment grade at the time of issuance, we will not treat utilization of the PIK option as warranting the 'C' rating. In other words, we do not treat it as a payment deferral and we do not notch down for this PIK feature. For other forms of PIK debt, we believe that a shift from paying cash to paying in-kind indicates severe financial distress and warrants a 'C' rating. Previously, we assigned a 'D' to the issue in these situations.

Toggle notes may be senior, and even secured. We take account of this in assessing recovery prospects. In analyzing recovery prospects, however, we expect the PIK option would likely be utilized prior to a bankruptcy, and that this would thus translate into higher debt at time of default-—and so must be added when calculating recoveries.

All types of PIK notes provide a measure of flexibility that is a positive consideration with respect to issuer liquidity. We do not formally recognize equity content in toggle notes, though, given the incentive to pay in cash, and the relatively short maturities and senior ranking of the instruments-–at least as seen in the issues done to date.

Rating The Issue: Equity Unit Ratings

Companies continue to issue mandatorily convertible debt, structured as a unit that bundles two pieces:

- A corporate debt (or preferred stock) security; and
- A forward contract that requires the investor to purchase--and the company to sell--the company's common shares at a predetermined price (or formula).

Standard & Poor's may be asked to rate the underlying debt (or preferred) piece--or the unit. Such debt and/or a unit incorporates substantial equity risk.

The investor winds up with common stock--if not via conversion, strictly speaking--by fulfilling the contract obligation. Sometimes the debt is remarketed, but the company gets the new money, while unit holders still receive the stock to satisfy the terms of the equity contract.

The ratings we assign do not opine on the totality of the equity risk, but neither do we ignore the equity nature of these instruments, as explained below.

Under the current policy, the rating of the debt and/or unit is normally two notches below our corporate rating on investment-grade companies, or three notches in the case of speculative-grade companies. This level equates to the ordinary rating of a company's preferred stock, which is also an equity security of the company (although the risks incorporated in preferred ratings are, of course, somewhat different). Given the market risk that the investor takes, the assigned rating could arguably be lower; however, sizing the risk of share price changes is beyond the scope of rating analysis.

Thus, the rating on the unit applies to the company's obligation to service the debt component, as well as its obligation to issue common shares under the forward contract. The rating does not pertain to the safety of principal or the units' value. The units' ultimate value is a function of the market value of the company's common shares, and is not addressed by our rating.

Note that we apply a different approach where the purchase contract relates to shares of another company that are owned by the issuer, rather than the issuer's own common shares. In line with our market-linked bond policies, the rating on such exchangeable debt or preferred will be that of the issuer--even if the issuer is disposing of shares of a company with a very different credit profile. And, if the obligation is senior, it will carry the same senior debt rating as the issuer.

How Have Hybrid Capital Issues Performed?

Apart from the need to do so for our normal rating surveillance purposes, we monitor closely the deferral experience of rated hybrid capital issues with a view to validating our analytical perspective on hybrid capital issues. Among the characteristics of such issues, the flexibility of payments (i.e., the contractually permitted ability to defer interest or dividend payments) is generally the key to our recognition of equity content. Thus, it is important to look at the extent to which companies under stress actually avail themselves of the option to defer payments. We also seek validation of our notching policy, since, in setting the rating on hybrid issues, we notch down more than with conventional subordinated debt, under the assumption that there is incrementally greater payment risk. Under our rating definitions, if a payment is deferred or omitted, the issue rating would be lowered to 'C' (assuming the issuer is not bankrupt or insolvent).

Our findings have been mixed. Here, we consider the experience from 1995 to the present, taking account of all rated hybrid capital issues, in all regions and sectors, and including most types of conventional preferred stock, since they have deferral features similar to those in the newer forms of hybrid capital.

Corporates have accounted for the dominant share of all cases where the hybrid capital issue rating was lowered to 'C' (or the then-equivalent). We have identified 101 corporate groups that deferred or defaulted on 179 separate rated issues. The vast majority of the issuers–-95-—have been U.S. companies, and the majority of these issuers were speculative grade when the hybrid issue rating was first assigned. Only nine issuers deferred when their issuer credit ratings were higher than the 'B' category (this excludes Fannie Mae and Freddie Mac, which did not have ICRs). In 49 cases, the issuers never deferred in advance of a bankruptcy filing or default on conventional debt. In nine cases where issuers went bankrupt or defaulted on conventional debt, they deferred hybrid payments one year or more before this

occurred. In 21 of the 101 cases, the issuers deferred but did not subsequently file for bankruptcy or default on conventional debt—at least as of yet.

We have noted 14 instances of insurance companies that deferred or defaulted on issues--all but one U.S.-based. In eight of the cases—including, most notably, Conseco Inc.--the default occurred effectively concurrent with either a bankruptcy filing by the issuer or with the main operating units being placed under regulatory supervision. In five of the other six cases (Lumbermens Mutual Casualty Co., Southwestern Life Holdings Inc., Lasalle Re Holdings Ltd., Gerling Global Finance Alpha B.V., and Scottish Re Group Ltd., which is currently deferring), deferral commenced before the issuer ceased ongoing operations or filed for bankruptcy. In some of these cases, the holding companies' hybrids defaulted, whereas the operating companies did not. This shows that the hybrids provided a degree of protection to the operating companies. In another current example, Syncora Holdings Ltd., formerly Security Capital Assurance Ltd., deferred on its series A perpetual noncumulative preference shares: it remains current on its debt obligations. Many Japanese insurers maintained payments on their hybrids through periods of stress. One insurer, Asahi Mutual Life, deferred payment on its unrated "kikin" hybrids in 2003, while remaining current on its senior financial obligations.

In financial institutions (excluding insurance), we have observed 13 examples of deferral or default on rated hybrid capital issuers. Four were U.S. finance companies: Dynex Capital Corp. deferred for an extended period and never defaulted on conventional debt, FINOVA Capital Corp. and New Century Financial Corp. filed for bankruptcy, not having previously deferred, and Thornburg Mortgage, despite modifying the terms of its hybrid, continues to remain current on its conventional debt. Fannie Mae and Freddie Mac, government-related entities that the U.S. Treasury recently took into conservatorship, accounted for two notable instances. Payments were halted on a combined 38 hybrid issues ($36 billion). We also identified seven instances of deferral at banking groups—two Japanese (Resona Bank Ltd. and UFJ Bank Ltd.), one Thai (TMB Bank Public Co. Ltd.), three U.S. (Bay View Capital Corp., Riggs National Corp., and IndyMac Bank) and one European (Northern Rock plc). Interestingly, in only one of those seven--IndyMac--was there a default on other obligations following deferral on hybrid securities. The case of Riggs is noteworthy in that the company was not in immediate danger of violating regulatory capital standards. Rather, the company was mired in scandal, and the Federal Reserve exercised its broad authority to intervene in an institution it viewed as troubled.

Also noteworthy is Northern Rock plc. Its preference shares were included in the February 2008 nationalization of the bank, which meant that ownership mandatorily passed to the U.K. government from the investors. To date, the investors have not received any compensation. Our rating on this issue is 'D', not the 'C' rating we typically apply where interest is deferred as permitted in the terms of the agreement. This is because of the forced transfer of the preference shares to the U.K. government. We believe that any compensation to the original investors will be limited because it will be based on the estimated worth of the preference shares if Northern Rock had not been supported by the U.K. authorities. On July 4, 2008, Northern Rock announced that it will not declare or pay a dividend on the noncumulative preference shares until further notice, and the annual coupon was not paid on that date. Payments on debt have continued without interruption.

Among unrated U.S. bank holding companies, City Holding Co. deferred payments on its preferred shares in July 2001

and resumed in July 2002. Smaller unrated institutions are exhibiting an uptick in hybrid deferrals. We are aware of cases of unrated hybrids of German banks that deferred payments--e.g., certain hybrid securities of Allgemeine Hypothekenbank Rheinboden AG (now named Correal), Westdeutsche Landesbank, and Sachsen LB.

In interpreting financial institutions' results during the past decade, it is important to keep in mind that senior debt performed very well during 1995-2006 (and in 2007, too, excluding unregulated U.S. finance companies). Indeed, in mature markets, no regulated banks' rated senior debt defaulted during this time.

We have pondered why companies under pressure haven't been more proactive in utilizing the deferral option under outstanding hybrid capital issues. We believe it is most likely due to some combination of the following factors:

- The decline in the company's fortunes was too rapid for deferral to be possible. Examples of this include PG&E, Enron, Parmalat, and more recently, New Century.
- Management might have been too concerned about the "headline risk" associated with deferring, particularly as it could affect its ability to maintain capital markets access.
- The company might not have had enough hybrid capital outstanding for the potential cash-flow savings resulting from a deferral to be meaningful.
- Management was unrealistic in its assessment of its financial condition.

We believe it is unwise to read too much into our historical observations, given limitations of the data and the uptick of deferrals we are seeing in the current environment. While past utilization of the deferral option is less frequent than we might have expected, companies are loath to curtail or eliminate even their common dividends for many of the same reasons cited above—and the equity-like features of common stock set the standard against which we assess hybrid capital instruments. Perhaps future experiences will be different, given the representations that have been made about the equity benefits of the new generation of hybrids. In the sizable area of hybrid capital of regulated financial institutions, the widespread tendency for bank regulators to favor market discipline may lead to a higher incidence of payment deferral during the next decade compared to the 1995-2006 period. One conclusion we draw is that the deferral feature's value is more tangible in the regulated context and/or where there are mandatory triggers. We expect a higher incidence of coupon deferrals and suspensions on hybrid securities of regulated financial services companies in the future, as the amount of issuance grows. We will continue to track the performance of hybrid capital issues in all sectors to help us gauge the appropriateness of our conclusions regarding equity content and payment risk.

Appendix

Table 5

Essential Features Required For Equity Content

	Intermediate-Adequate	Intermediate-Strong	High	High
Interest deferral	Optional – Five years unfettered with default no earlier than five years	Optional – Five years unfettered with default at no earlier than 10 years Or - Mandatory deferral with moderately tight triggers	Mandatory deferral with tight triggers	
Term - capital permanence	20 years or more remaining to the "effective maturity"*			
Term - refinance risk	Where an incentive to redeem early exists, there must be both (1) a replacement provision or equivalent regulatory oversight, and (2) any incentive (or penalty if not redemed) must not be excessive.			
Subordination	Subordinated			
Mandatory conversion				Mandatory conversion to common stock within three years, with the conversion price not lower than initial share price.

*Refer to table below for more detailed criteria relating to "effective maturities".

© Standard & Poor's 2008.

Table 6

Provisions In Hybrid Instruments Viewed As The Equivalent Of Maturity

Hybrid equity content treatment in our ratios ends when less than 20 years remain until the "effective maturity." At that point it is treated as debt for ratio purposes, with the benefits incorporated qualitatively in our analysis. This table summarizes which maturity-like provisions are viewed as an "effective maturity."

	Call (with no step-up)	Call with moderate step up or equivalent* (For investment-grade issuers 26 bps-100 bps is viewed as moderate. "Moderate" can vary depending on local interest rates.)		Scheduled maturity (co. is required to make best efforts to redeem)	Final maturity (nonpayment upon maturity is a default)
Standard & Poor's approach	Not viewed as an effective maturity, unless the call is within five years of the issuance date.	For unregulated issuers**: This is viewed as an effective maturity unless there is a replacement capital covenant (RCC). (The expiration date of the RCC would be viewed as an effective maturity).	For regulated issuers:***: This is not viewed as an effective maturity (and no RCC is needed) because the regulator ensures replacement where appropriate. For a step-up with a call before year 10 (even where the regulator accepts that), we require a legally binding replacement covenant.	Always viewed as an effective maturity	Always viewed as an effective maturity

Table 6

Provisions In Hybrid Instruments Viewed As The Equivalent Of Maturity (cont.)

Rationale	Issuer calls are standard in almost all long-term instruments and there is no obligation to redeem that inflicts costs (the market does not assume it will be called, so there is limited headline risk if it is not called). A call before five years is unusual and we take it to be an indication of a lack of permanence, even with a RCC.	The step-up presents an incentive to call and a penalty rate if not called, which undermines permanence. Given that the potential increase in cost is limited to a moderate step-up, the RCC is adequate to offset concerns about permanence. (In contrast, an RCC does not offset the lack of permanence in a short-dated issue.)	For regulated issuers, the regulatory oversight is viewed as adequate to ensure it will be replaced when its benefits are needed. However, where the call is before year 10, we require the even stronger RCC, as regulatory oversight doesn't ensure permanence to the extent an RCC does.	Unless there is a market disruption event, the company is obligated to redeem, which can impose onerous costs on the issuer. This is therefore viewed as an effective maturity.	The instrument must be repaid at this time or else an event of default is triggered.
How the company is likely to react under varying circumstances					
Doing well	Might or might not call, depending on its view of future interest rates	Will redeem	Will redeem	Will redeem	Will redeem
Under moderate stress	Won't retire the instrument (it's equity-like when needed)	Will redeem	Will redeem	Will redeem	Will redeem
Under heavy stress	Won't retire the instrument (it's equity-like when needed)	Won't retire the instrument (it's equity-like when needed)	Won't retire the instrument (it's equity-like when needed)	Will redeem	Will redeem

*"Step-up equivalents" are features that, similar to an increase in the coupon, motivate the issuer to call the issue. For example, a discrete call followed by a non-call period longer than five years would moderately motivate a call and an RCC would be required to achieve equity content, otherwise we would view that as an effective maturity. Features deemed to present a greater-than-moderate motivation to redeem cannot be remedied by an RCC. For example, a rate composed of the "higher of" a specified short-term, mid-term, and long-term interest rate after the first call (e.g. at year 10) is not curable by an RCC unless the rate is haircut to compeltely eliminate the penalty rate. Similarly, we would view a rate comprised of the "highest of" various uncorrelated interest rates such as Treasury (U.S.), Libor (U.K.), and the like as an effective maturity, even with an RCC. We also view a floating interest rate combined with a floor following the call date as an effective maturity even with an RCC (with an exception made in certain instances in regulated sectors).

** Unregulated issuers include North American insurance holding companies, most corporates, utilities, asset managers, security exchanges and clearinghouses. We also view finance companies as unregulated in this respect. (However, for tolerance limits and treatment in ratios, finance companies follow the regulated approach. See table below.)

***Regulated issuers include banks, U.S.-based securities brokers, most insurance issuers outside North America, and insurance operating companies in North America.

Table 7

Equity Unit Structures (Mismatched Mandatory Convertibles)

				Treatment in year #								
Maturity of front end (security issued at outset)	Forward contract is exercised at:	Mismatch	Treated as dual financing of debt and equity	1	2	3	4	5	6	7	8	9
five years	three years	yes	yes	($100 debt) + ($100 debt w/ equity content)			$100 debt + $100 equity		$100 equity			
eight years	five years	yes	yes	$100 debt		($100 debt) + ($100 debt w/ equity content)			$100 debt + $100 equity			$100 equity
five years	five years	no	no	$100 debt		$100 debt with equity content			$100 equity			
three years	three years	no	no	$100 debt with equity content			$100 equity					

© Standard & Poor's 2008.

The mechanics of a typical unit structure: A unit is made up of two components: (a) a debt issue and (b) a forward contract obligating the investor to purchase common shares in three years. At year three, the debt owned by the initial investors is replaced with common stock and the debt is separately remarketed to new investors (for new proceeds). To achieve tax deductibility the structure typically separates (mismatches) the date of the debt maturity and the date of the exercise of the stock purchase/issue contract by at least two years.

The equity unit involves two sets of proceeds. It starts as $100 in debt and in three years becomes a total issuance of $200, made up of $100 in debt plus $100 in equity. In respect to capital ratios, we roll the clock forward three years and apply both the resulting debt and equity issuances to the ratios today. Where our understanding is that the second set of proceeds will be used for debt repayment, we ignore the second set of proceeds and apply "high" equity content, without the dual financing treatment, similar to our approach for the basic mandatory convertibles.

Table 8

How Equity Content Is Applied In Capital Ratio Analysis, Across Sectors

		Corporates (Includes regulated utilities, asset managers, security exchanges and clearinghouses)***		Insurance (Excludes bond insurers that have similar, but slightly different tolerance limits)	Financial institutions (Includes securities brokers and unregulated finance companies)
		Debt/equity	Maximum allowed	Treated as 100% equity, up to allowable limits	Treated as 100% equity, up to allowable limits
High		**Equity = 100%** Debt =0%	General guideline is 15%	Up to 25% of TAC (35% in Europe & Canada*)	Up to 50% of ACE
Intermediate	Strong	**Equity = 50%** Debt = 50%	General guideline is 15%	Up to 15% of TAC in US & Bermuda (25% for European and Canadian insurers*)	Up to 33% of ACE (preferred with unlimited deferral)
					Up to 18% -or- 33%** of ACE (enhanced trust preferred i.e., more than five years deferral)
	Adequate				Up to 12% of ACE (upper tier 2, trust preferred, five years deferral)
Minimal		**Equity = 0%** Debt = 100%	NA	NA	NA

© Standard & Poor's 2008.

ACE = Adjusted common equity (common equity + minority interests - unaccrued dividends - revaluation reserves - goodwill - interest only strips - tax loss carry forwards +/- pension benefits +/- other adjustments).

TAC = Total capitalization (total shareholders' equity + preferred shares + minority interest + debt -appreciation on fixed-income securities).

Note: The higher caps (maximum allowed) are cumulative of amounts in the lower caps. E.g. in applying the caps for financial institutions, we would first look at intermediate adequate instruments up to 12% (ignoring adequate instruments that were over the 12% cap), then apply enhanced trust preferred from that amount up to 18%, etc.

*In the U.S. & Bermuda where structural subordination is high, regulators allow holding company debt to fund operating company capital. So our tolerances are 25% and 15% of TAC for high and intermediate instruments, respectively. In Europe and Canada where structural subordination is low, regulators exclude holding company debt from groups' solvency, so tolerance limits are higher at 35% and 25% of TAC for high and intermediate instruments, respectively.

**The 18% basket for financial institutions only applies to North American banks and security brokers, due to regulation. For non-N.A. banks, and for all unregulated finance companies (even in N.A.) enhanced trust preferred is

treated like preferred stock, i.e. up to 33%.

***In the corporate/industrial sector only, the interest payments are treated (partially) as common dividends. For "intermediate" issues, they would be treated as 50% interest and 50% common dividends (which are excluded from coverage ratios). In the financial and insurance sector all distributions are treated as interest, and only capital ratios are modified to reflect equity credit.

N.A.--Not applicable.

Table 9

Assigning Issue Ratings: Number of Notches Below the Issuer Credit Rating (ICR)

	Investment-grade rating		Speculative-grade rating	
	Optional deferral	**Mandatory deferral**	**Optional deferral**	**Mandatory deferral**
Subordination	1	1	2	2
Deferral	1	Typically 2**	1	Typically 2**
Total notches	2 *	3	3	4

* The overwhleming majority of hybrid issues are investment grade with optional deferral and are rated two notches below the ICR.

**Where there is a mandatory trigger the notching for DEFERRAL would typically be 2 (or more if there is a greater-than-usual likelihood of the trigger being breached). Where there is a mandatory trigger and (a) the company credibly says it will make its best efforts to settle with common shares and (b) the risk of the trigger being breached is relatively remote, the notching for DEFERRAL would typically be 1.

Notching of mandatory convertibles and equity units: Notching of the issue rating mirrors our approach to notching of preferred stock (even if the coupons are not deferrable and the debt host is senior). Our rating on the issue does not opine on the totality of the equity risk to investors.

Copyright © 2015 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

From: Adam Prokop []
To: John Kim [John.Kim@ofina.on.ca]
CC: Bruno Amara [Bruno.Amara@ofina.on.ca]; Salman Qadir [Salman.Qadir@ofina.on.ca]; Shajee Kathirgamanathan [Shajee.Kathirgamanathan@ofina.on.ca]
Subject: Preferred equity treatment
Date: Tuesday, May 02, 2017 12:23:12
Attachment 1: dbrs-criteria-preferred-share-and-hybrid-security-criteria-for-corporate-issuers-archived.pdf

---

There is an exception to preferred share 20% rule:

"There are cases where a parent may invest in a subsidiary through deeply subordinated debt for tax or other reasons with the intention that the security mirrors the attributes of equity. DBRS would typically assess a range of factors to establish if the latter has been achieved, such as cross-default trigger covenants, term and ability to defer interest. Regardless of these factors, the parent-subsidiary relationship is key and represents the only reason that DBRS would consider these debt instruments for high equity treatment. In these cases, the 20% cap rule does not apply."

See attached file.

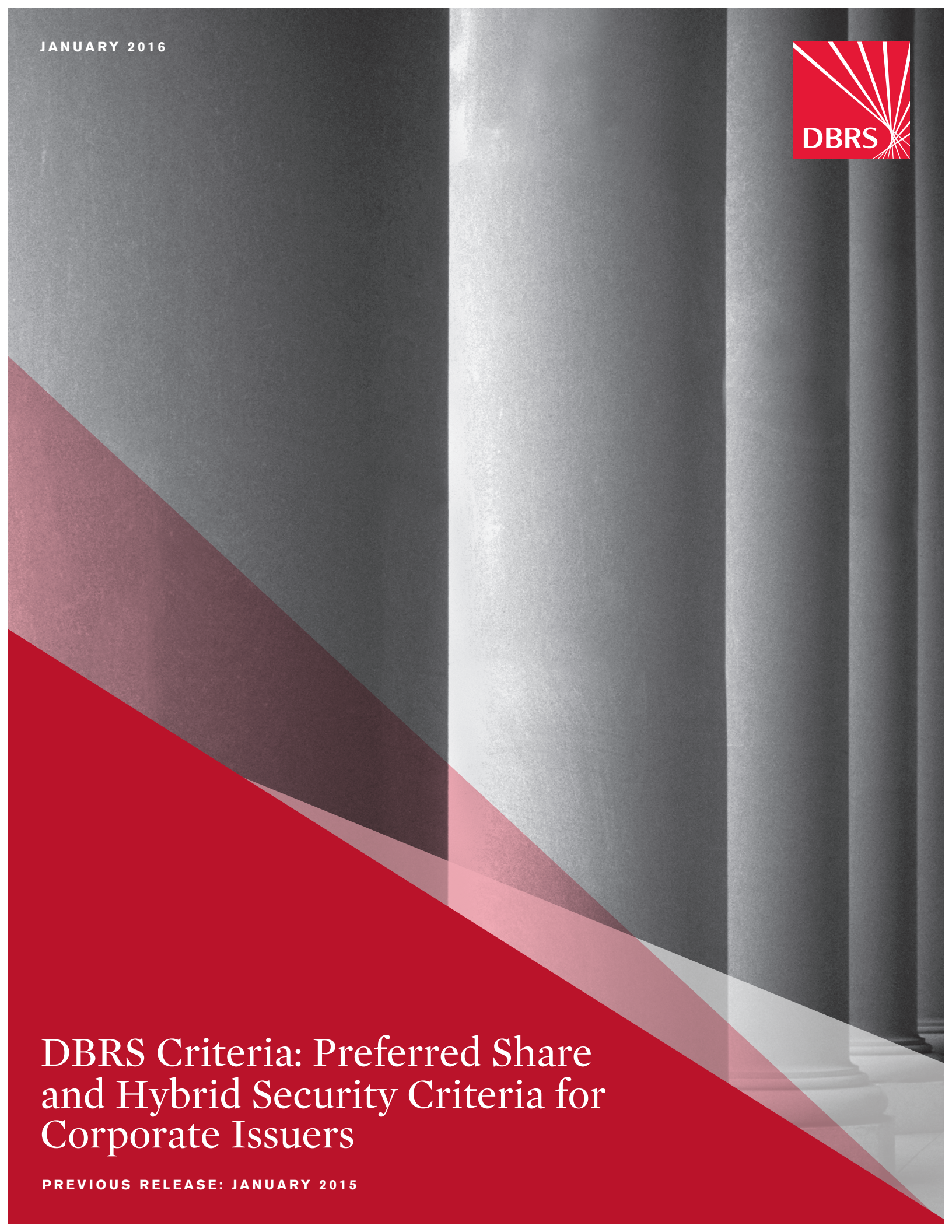
Kind regards,

Adam Prokop

Economic Specialist

Office: 416-315-6462
adam.prokop@ofina.on.ca

JANUARY 2016



DBRS Criteria: Preferred Share and Hybrid Security Criteria for Corporate Issuers

PREVIOUS RELEASE: JANUARY 2015

Contact Information

Andrew Lin
Global Corporates
+1 416 597 7453
andrew.lin@dbrs.com

Eric Beauchemin
Global Corporates
+1 416 597 7552
ebeauchemin@dbrs.com

DBRS is a full-service credit rating agency established in 1976. Spanning North America, Europe and Asia, DBRS is respected for its independent, third-party evaluations of corporate and government issues. DBRS's extensive coverage of securitizations and structured finance transactions solidifies our standing as a leading provider of comprehensive, in-depth credit analysis.

All DBRS ratings and research are available in hard-copy format and electronically on Bloomberg and at DBRS.com, our lead delivery tool for organized, web-based, up-to-the-minute information. We remain committed to continuously refining our expertise in the analysis of credit quality and are dedicated to maintaining objective and credible opinions within the global financial marketplace.

Table of Contents

Scope and Limitations 3
Overview 3
Equity Weightings 3
Rating the Instruments 4
- Equity Weightings 4
- Primary Factors 4
  - Subordination 4
  - Tenor and Redemption Rights 4
  - Interest Deferral 6

Additional Factors 7
Preferred Shares 8
  - Cap on Use of Hybrids and Preferred Shares 8
  - Ratio Analysis 8

Rating The Instruments 9
- Relationship between the Instrument Rating and its Equity Weighting 9
- Nomenclature 9
- Choice of Rating Scale – Canadian-Only Issue 9
- Lower-than-Standard Mapping to Debt Ratings 9
- Higher-than-Standard Mapping to Debt Ratings 9

Scope and Limitations

This criteria represents the current DBRS approach to preferred shares and hybrid securities (hybrids) for corporate issuers other than financial institutions. The methods described herein may not be applicable in all cases; the considerations outlined in DBRS methodologies are not exhaustive and the relative importance of any specific consideration can vary by issuer. This criteria applies to all non-banking/non-financial corporate sectors across the rating spectrum, investment-grade and non-investment grade issuers. Further, this criteria is meant to provide guidance regarding the DBRS methods used in the areas outlined and should not be interpreted with formulaic inflexibility, but understood in the context of the dynamic environment in which it is intended to be applied.

Overview

"Hybrid" is a term used by DBRS to describe financial instruments that combine both debt and equity characteristics. There is a wide variety of hybrids combining numerous features in the marketplace, with new versions emerging from time to time.

The following criteria outlines the DBRS approach to preferred shares and hybrids for corporate issuers other than financial institutions, with a primary focus on the equity treatment assigned by DBRS to these instruments. For non-banking financial institutions (insurance companies, finance companies, etc.), the main Equity Weightings section is not applicable but, in some cases, the *Rating the Instruments section may still be applicable.* For banking-related issuers, DBRS would instead typically use the criteria entitled *Rating Bank Capital Securities – Subordinated, Hybrid, Preferred and Contingent Capital Securities*. This criteria would not generally have any application to sovereign or public finance issuers since they do not generally issue such instruments. Also, with respect to considerations applied by DBRS to subordinated debt instruments in public-private partnership transactions, while some of the same broad principles discussed below will apply, given the nature of these transactions, DBRS applies a specific set of criteria to these subordinated debt instruments (see Appendix 1 to the *Rating Public-Private Partnerships* methodology).

This criteria is divided into two major sections summarized below:

Equity Weightings

- DBRS assigns to hybrids and preferred shares one of five potential equity weightings (0%, 25%, 50%, 75% or 100%) based on the extent of equity characteristics that are exhibited by each instrument.
- DBRS uses a two-stage determination process: the instrument is first scored based on primary considerations, after which secondary factors are incorporated into the analysis to finalize the equity weighting.
- DBRS generally caps the combined equity treatment assigned to all hybrid and preferred securities of an issuer to 20% of common equity (as adjusted by DBRS); the remainder is treated as debt. One exception in which the 20% rule does not apply is when the security is held by the parent of the issuer, as discussed in more detail in the Cap on Use of Hybrids and Preferred Shares section.
- Equity weightings are used by DBRS to adjust debt and equity levels in several leverage metrics, such as debt-to-EBITDA and cash flow-to-debt. Except for subordinated debt instruments qualifying for 100% equity weighting, however, no relief is provided to coverage ratios linked to interest expenses and preferred share dividends, such as interest and fixed-charge coverage ratios, as a result of equity treatment considerations.

Rating the Instruments

This section discusses the key considerations related to assigning an instrument rating to a given hybrid or preferred share security.

Equity Weightings

The determination of the equity treatment given to hybrid debt or preferred equity instruments is an important step in the assessment of an issuer's creditworthiness because it contributes to a more precise measurement of the financial burden carried by an issuer as those instruments are typically more flexible than traditional debt. When assessing hybrids or preferred shares for equity treatment, DBRS is guided by the following key question: how closely does the instrument replicate the attributes of common equity that are beneficial to the issuer and higher-ranking bondholders and creditors? In DBRS's view, those beneficial attributes include:

1. Subordination – equity provides a buffer or loss-absorption mechanism for all other creditors;
2. Permanence in the capital structure – there is no maturity date and therefore no liquidity or repayment risk posed at maturity; and
3. Servicing flexibility/cash flow relief – There are no ongoing payment obligations that could trigger default or cross default if missed.

The extent to which these aforementioned characteristics are present in a hybrid largely determines which of DBRS's 0%, 25%, 50%, 75% or 100% equity weightings is allocated to the instrument. As explained below, however, other factors can also influence the final determination.

Primary Factors

While the terms of hybrids can vary widely across issuers, certain fundamental characteristics are normally expected to be found in hybrids in order to justify any equity treatment. Such characteristics include:

i. Subordination in right of payment and security to all unsecured debt.

ii. A minimum assumed remaining term to maturity (as explained in the next section) of more than five years unaffected by issuer redemption rights with coupon step-up exceeding a certain threshold or debtholder redemption rights, except for hybrids where conversion to longer-term and/or more junior capital is a key factor.

iii. Ability to defer interest payments with no default for at least five years in order to provide operating flexibility.

The following provides details on the primary factors used by DBRS to assign equity treatment to hybrids.

i. Subordination

Although generally not as low-ranking as common equity, most hybrid instruments are deeply subordinated, typically ranking just above any traditional outstanding preferred shares. To qualify for equity treatment, DBRS generally expects a hybrid to be subordinated in right of payment and security to all other debt classes to provide loss absorption benefiting higher-ranking debt holders and creditors upon bankruptcy. The subordination requirement is the same for all equity weighting categories.

ii. Tenor and Redemption Rights

Term to maturity is an important consideration in the assessment of equity treatment of a hybrid and reflects the potential for equity-like permanence. Early redemption dates, however, particularly when combined with interest rate step-ups or triggers tied to rating agency downgrades or accounting changes, detract from the concept of permanence. Where an early redemption feature exists, DBRS will typically assume this early redemption date (rather than the contractual maturity) to be the maturity date for equity treatment purposes, subject to the discussion below.

Replacement Language

DBRS may consider the assumed remaining term to maturity to be later than a contractual early redemption date,[1] provided that there is written replacement language indicating an issuer's intention to replace notes that are redeemed at an early redemption date, with new notes having features that provide comparable rating agency equity treatment. Such replacement language need not be a contractual covenant; DBRS will accept written language in the offering documentation, provided that the language is sufficiently clear, transparent and has minimal exceptions. DBRS may also take into account qualitative considerations in the context of the issuer's past and expected future capital structure plans when gauging the issuer's intent to maintain the permanence of the hybrids in the capital structure.

Provided that there is proper written replacement language, DBRS may still extend the assumed maturity date beyond the contractual early redemption date even if there is no make-whole premium and even if the early redemption is triggered by changes in income tax treatment or weaker equity treatment resulting from a change to, or interpretation of, a rating agency's hybrid methodology or criteria. The contractual language describing income tax or rating agency triggers, however, must be narrowly defined. Early redemption triggers that have a broad scope, include a rating downgrade or entail a change in accounting rules seriously detract from permanence and may cause DBRS to assume that the maturity date will be the contractual early redemption date. In addition, where such triggers are present, DBRS may cap any equity treatment to 0% or, at most, 25%.

Step-Up in Coupon Rate

Even in the presence of replacement language, if there is a cumulative step-up in the hybrid note coupon of more than 1%, DBRS will assume the date of the 1% cumulative step-up to be the maturity date of the notes. For example, a hybrid (with suitable replacement language) that has a 60-year term, subject to an early redemption and step-up first exercisable in year ten but for which the step-up only reaches 1% in year 20, would be assumed to have a 20-year term for equity-treatment purposes.

Minimum Remaining Term to Maturity

Per the table below, for an equity weighting of 25%, DBRS requires an assumed remaining term to maturity of more than five years. Longer perceived permanence is expected for higher equity weightings, namely more than ten, 50 and 100 years for the 50%, 75% and 100% equity weightings, respectively.

iii. Interest Deferral

Interest deferability can provide significant shock absorption capability to an issuer's financial flexibility. The most favourable type of deferability is when accrued interest is non-cumulative and is cancelled when the issuer is unable to pay. In DBRS's view, this type of deferability is the closest to preferred equity and is required for equity weightings of 75% or 100%. To achieve 100% equity treatment, however, the deferral feature must be mandatory as opposed to optional and must be based on a meaningful test (e.g., cash flow-to-debt or debt service coverage) that forces deferability before the issuer's financial position gets unduly eroded. The second type of deferability occurs when interest is cumulative but payable with preferred or common equity. This form of deferability attracts the same equity treatment by DBRS as non-cumulative deferability as it also relieves the issuer of the liquidity pressure resulting from debt servicing obligations. The third and least favourable type of deferability occurs when interest is cumulative but payable with cash at the end of the grace period. While this feature provides relief, it is limited to the length of the grace period. As such, for hybrid notes with deferrable interest payable with cash, minimum grace periods of five years for 25% equity treatment and ten years for 50% equity treatment are required. A grace period shorter than five years results in a 0% equity weighting. To achieve equity treatment for the ability to defer interest, DBRS would expect restrictions in place that prevent dividend and/or interest payments to more junior instruments and the repurchase of common shares until the deferral period ends and all deferred payments are made.

The table below summarizes the primary characteristics used by DBRS to assign equity treatment to hybrids; however, the equity weighting can also be influenced by a wide range of secondary factors, some of which are described in the next section. While a negative consideration may sometimes be offset by a positive one, the absence of a primary characteristic is generally difficult to offset with any other consideration.

1. Acceptable replacement language can extend the maturity date beyond an early redemption date for all but the 100% equity weighting category. Acceptable replacement language is only of benefit up to the 75% equity weighting category; DBRS will not assign a 100% equity weighting benefit to any note with an early redemption feature.

Hybrid Features	25%	50%	75%	100%
Subordination	Required – to ALL debt types	Required - to ALL debt types	Required - to ALL debt types	Required – to ALL debt types
Assumed Remaining Term to Maturity (as determined by DBRS)	> Five years	> Ten years	> 50 years	> 100 years
Interest Deferral	Optional; Cumulative for up to five years; Payable with cash	Optional; Cumulative for up to ten years; Payable with cash	Optional; Non-cumulative or cumulative and payable with equity	Mandatory; Non-cumulative or cumulative and payable with equity
Redemption Rights without Make-Whole and Replacement Language	Acceptable	Acceptable	Acceptable	**Not acceptable while senior debt is outstanding**
Tax- and Rating Agency Event-Based Redemption Rights with no Make-Whole	Acceptable	Acceptable	**Not Acceptable**	**Not Acceptable**

Additional Factors

In addition to the primary factors described above, other considerations have the potential to influence DBRS' assessment of hybrid notes. The list below is not meant to be exhaustive, but outlines factors generally subject to enhanced scrutiny by DBRS. If deemed material, these additional factors are incorporated into the analysis to establish the final equity weighting. These factors are typically secondary in importance, but can be important considerations in selective cases.

Covenants and Events of Default: Events of default and covenants should be relatively benign and very limited in scope. Broad-reaching or unduly stringent debt terms may introduce vulnerability into the capital structure and can reduce the equity weighting of the hybrid notes.

Cross-Default: DBRS expects there to be no events of default that could automatically trigger a cross-default or cross-acceleration to higher-ranking debt noting, however, that the failure to pay amounts after application of all permitted deferral periods may trigger a wider default to higher-ranking debt, in which case lower equity treatment would likely result.

Standstill on Remedies: Standstill provisions prohibit holders of certain types of subordinated debt from taking any action upon an event of default to enforce their rights and remedies or to accelerate payment as long as senior debt is outstanding. This feature can provide resilience to an issuer and isolate senior bondholders from financial stress affecting lower-ranking debt instruments. Hybrids rarely carry a standstill provision as it significantly dampens the marketability of the notes, but DBRS requires it to achieve 100% equity treatment.

Voting Rights: By virtue of voting rights or required consent, subordinated debtholders should typically not be in a position to influence the issuer's decisions or its capital structure to the detriment of higher-ranking debtholders.

Lookback Provisions/Dividend Pushers: There can be provisions that may delay the issuer's ability to defer payments on a hybrid note because of the timing of common dividends or other capital instruments that rank in parity with the hybrid notes and, in some cases, the latter can also apply with declaration of such payments. DBRS would typically view these provisions as negative considerations in determining the equity weighting that would otherwise be possible. The degree of impact would depend on factors such as the length of time that deferral could be affected and the number of other securities to which the provision relates.

Payment in Kind (PIK) and Conversion Features: There are various types of securities with PIK or conversion features. From an equity treatment perspective, the most favourable structures involve mandatory payments with common equity or mandatory conversion to common equity at a future date. The sooner the conversion to common equity occurs, the more predictable it is and the more equity credit can be given to the hybrid; however, securities where conversion to equity depends on the ability of a trustee to sell common shares in the open market can be problematic in weak markets or when major company issues exist. As such, DBRS gives no equity consideration when this feature is present since the potential for the trustee to sell in an open market cannot be relied on. Securities where the conversion is at the option of the debtholder may attract partial equity treatment when the conversion price is deep in the money and the conversion is both possible and likely in the near term; however, a high level of equity treatment is normally precluded by the volatile nature of the stock market, which can quickly change an in-the-money position to one that is out of the money.

Preferred Shares

Preferred shares are normally less complicated than hybrids and, next to common equity, typically hold the ranking as the most junior security. Preferred shares are by, definition, equity and typically command a very high level of equity weighting. Preferred shares generally attract a 100% equity weighting, provided that DBRS is satisfied that the issuer has no intention to eventually replace the preferred shares with debt. This acknowledges the key features of the instrument such as permanence, the generally light terms (i.e., non-cumulative, contains no events of default or covenants) and the ability to defer dividends despite typical reluctance among issuers to suspend them. While issuers generally maintain the ability to redeem preferred shares with debt at any time after an initial non-call period, this element of uncertainty is more than offset by the broad above-mentioned benefits contributed by the instrument. Moreover, common stocks can also be bought back at any time. A reversal in the issuer's intention to preserve its preferred equity base would be treated by DBRS as an event, with potential implications for the rating(s) and any equity weightings assigned to the issuer's financial instruments. All preferred share dividend payments (not just those in excess of the 20% cap explained in the next section) are considered in coverage metrics as the fixed-charge coverage ratio and in the analysis of free cash flow.

It is not an event of default for preferred share dividends to be undeclared; however, failing to declare a preferred share dividend does not typically occur until a company is under severe stress. The same holds true for common dividends. As noted above, DBRS assesses both in the context of free cash flow. Preferred share dividends are seldom the leading factor for cash flow issues, which are more commonly the result of items such as reduced business prospects, high debt levels, common dividends and capital expenditure requirements.

Cap on Use of Hybrids and Preferred Shares

Even when all of these factors are satisfied, DBRS may still assign little or no equity treatment to a hybrid if an issuer uses such securities excessively. Accordingly, irrespective of the equity weighing assigned to a specific instrument, DBRS will treat as debt all incremental preferred shares and hybrids that lead the ratio of preferred equity and hybrids to common equity to exceed 20%. The amount of common equity will typically be the unadjusted figure reported by the issuer on its audited balance sheet, noting that DBRS retains flexibility to make certain adjustments to the numbers as deemed appropriate, such as for the accounting treatment of certain items (e.g., inclusion of non-cash marked-to-market derivative gains (losses) in retained earnings and in accumulated other comprehensive income).

There are cases where a parent may invest in a subsidiary through deeply subordinated debt for tax or other reasons with the intention that the security mirrors the attributes of equity. DBRS would typically assess a range of factors to establish if the latter has been achieved, such as cross-default trigger covenants, term and ability to defer interest. Regardless of these factors, the parent-subsidiary relationship is key and represents the only reason that DBRS would consider these debt instruments for high equity treatment. In these cases, the 20% cap rule does not apply.

Ratio Analysis

Where the amount of hybrids and preferred shares is material, DBRS will make adjustments to some of its key leverage ratios such as debt-to-EBITDA and cash flow-to-debt to reflect some of the flexibility contributed by these instruments. Except for deeply subordinated debt instruments qualifying for 100% equity treatment, DBRS does not make any adjustments to interest expenses and preferred share dividends for the purpose of calculating coverage ratios. Until an entity exercises its discretion to defer or adjust its payments per the terms of the instrument, DBRS expects payments to be made. As a result, related coverage ratios should include such payments.

Rating the Instruments

Relationship between the Instrument Rating and its Equity Weighting

Excluding normal notching considerations related to the ranking of securities, there is no direct correlation between the rating of a hybrid instrument and the level of equity weighting that it is assigned. This is because DBRS views the embedded covenants and other terms carried by hybrids as not materially affecting credit risk and, as such, does not penalize the rating of the instrument.

Nomenclature

As with the choice of rating scale, the name of the instrument is not to be viewed as a determining factor in DBRS's decision regarding equity value. Hybrids may be referred to as debt equivalents for tax, accounting or regulatory reasons, but this label does not preclude the fact that they may have significant equity value.

Choice of Rating Scale – Canadian-Only Issue

DBRS uses a separate rating scale for preferred shares issued in the Canadian securities market (Pfd-1 to Pfd-5) while debt hybrid instruments are rated using the global DBRS Long-Term Obligations Ratings Scale (AAA to C). Typically, there is a standard ranking relationship between debt and preferred share ratings whereby an entity with an "A" issuer rating will usually have its preferred shares rated as Pfd-2 and an entity with a BBB issuer rating will have a preferred shares rating of Pfd-3, and so on.

In those rare cases in which it is not automatically clear which scale should be used in rating a security, DBRS will look to elements such as the legal status of the instrument, whether payments are dividends or interest, the tax treatment of payments, the relative ranking of the issue in relation to other debt and outstanding preferred share issues and other relevant factors. It is thus possible that instruments with very similar underlying attributes could be rated on different scales. In these types of cases, DBRS believes that the choice of rating scale is independent of the decision on equity weighting and that securities with similar underlying attributes should receive similar equity weighting.

The sections that follow discuss situations in which ratings may deviate from the standard rating mapping.

Lower-than-Standard Mapping to Debt Ratings

When preferred shares become a proportionately large segment of the capital structure, the preferred share dividends will absorb a higher proportion of cash and earnings. DBRS may, in some situations, consider it appropriate to rate the preferred share rating one notch lower than suggested in the standard mapping; however, a very high level of preferred equity (and related dividend payments) could also be an issue for the issuer rating, which would in turn have an impact on all debt and preferred share ratings of the issuer. Because any preferred equity in excess of 20% of common equity (as adjusted) is already treated as debt, an additional notch reduction would only be considered necessary in unique circumstances where the ratio of preferred shares to common equity is at a high enough level that an issuer who is under pressure may have an additional incentive to pass on preferred dividends simply because of the relative size of the cash savings. DBRS approaches these situations on a case-by-case basis and would typically not consider such action unless the ratio of preferred to common equity is at least in the 40% to 50% range (based on preferred shares outstanding, not the amount that is given equity weighting) and the fixed-charge coverage ratio is considered weak. Credits with issuer ratings in non-investment grade territory are also more likely to encounter wider-than-typical notching differences.

Higher-than-Standard Mapping to Debt Ratings

In a case where an issuer has no or very minimal debt outstanding and no plans to issue in the future (including subordinated debt and intermediate hybrid instruments), the preferred shares may warrant a rating that is one notch higher than is typical as there are no debt obligations senior to it. The issuer would ideally document such intention in a covenant although, absent such covenants, DBRS may also consider management comments, past actions and whether the situation at hand supports making an exception; however, most issuers have non-debt unsecured obligations ranking higher than preferred equity, such as accounts payable and off-balance sheet liabilities, which are also factored into the analysis. This situation is rare and should not be considered the norm.

© 2016, DBRS Limited, DBRS, Inc. and DBRS Ratings Limited (collectively, DBRS). All rights reserved. The information upon which DBRS ratings and reports are based is obtained by DBRS from sources DBRS believes to be reliable. DBRS does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance. The extent of any factual investigation or independent verification depends on facts and circumstances. DBRS ratings, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall DBRS or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting therefrom, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages arising from any use of ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. A report providing a DBRS rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. DBRS receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT http://www.dbrs.com/about/disclaimer. ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON http://www.dbrs.com.

Corporate Headquarters | DBRS Tower – 181 University Avenue Suite 700 Toronto, ON M5H 3M7 | TEL +1 416 593 5577 | www.dbrs.com

From: John Kim
To: Bruno Amara
Subject: FW: Preferred equity treatment
Date: Tuesday, May 02, 2017 5:12:17 PM

Hi Bruno,

I'm going to leave a bit early today.

On this one, good thing I worded my email to Carlos and Ken in a very measured way.

John

From: Adam Prokop
Sent: Tuesday, May 02, 2017 5:10 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Preferred equity treatment

Yes there is a distinction accounting wise – but we ultimately will not know how the rating agency will treat the transaction unless a conversation is opened about it with them.

From: Shajee Kathirgamanathan
Sent: Tuesday, May 02, 2017 5:08 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Preferred equity treatment
Importance: Low

Perhaps there's a distinction on the way it's consolidated? Eg. Subsidiaries (like OPG Trust to OPG) get consolidated line by line. Whereas for the province OPG is consolidated in a single line?

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Adam Prokop
Sent: Tuesday, May 02, 2017 5:05 PM
To: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>

Subject: RE: Preferred equity treatment

That's what Salman had stated earlier – wouldn't know for sure but it's not the typical parent-sub relationship since OPG is not technically a sub as a GBE. It would be up to the rating agency's interpretation.

From: John Kim
Sent: Tuesday, May 02, 2017 5:03 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

I have a question on this though…..would this parent and consolidated entity assessment still hold for the government context? It just occurred to me we're not talking money from OPG to OPG Trust but from the Province to OPG.

From: Salman Qadir
Sent: Tuesday, May 02, 2017 12:48 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Here is S&P's handbook – although there have been various amendments issued since 2008 that would need to be checked. It states the following but need to review in more detail:

Pg 33.
We include any hybrid capital issuance in excess of 15% in the numerator of our leverage calculations. We do not generally recognize hybrid issuance of operating companies (reflected also as hybrid capital in the relevant parent's consolidated financial statements) as such in our consolidated capital adequacy analysis (see table 4)

Salman

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:25 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Would we want to send to Ken, Carlos and the others, to ask TD for comments.

AP

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:23 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Preferred equity treatment

There is an exception to preferred share 20% rule:

"There are cases where a parent may invest in a subsidiary through deeply subordinated debt for tax or other reasons with the intention that the security mirrors the attributes of equity. DBRS would typically assess a range of factors to establish if the latter has been achieved, such as cross-default trigger covenants, term and ability to defer interest. Regardless of these factors, the parent-subsidiary relationship is key and represents the only reason that DBRS would consider these debt instruments for high equity treatment. In these cases, the 20% cap rule does not apply."

See attached file.

Kind regards,

Adam Prokop
Economic Specialist
Office: 416-315-6462
adam.prokop@ofina.on.ca

From: Talwar, Shruti (ENERGY)
To: John Kim
Subject: FW: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date: Tuesday, November 28, 2017 10:11:37 AM

FYI

From: Talwar, Shruti (ENERGY)
Sent: November 28, 2017 10:10 AM
To: 'RYFA Ken -TREASURY'; Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY)
Subject: RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Ken R.,

Thanks for your email, and the chat last Friday morning to clarify the proposed process for the first transaction. As you know it is important to Ministry to ensure that we follow the proper process at all times, particularly for the first transaction. Here is the proposed process as I understand it from our chat.

1) IESO asset to be transferred is the balance as of November 30. I understand the projected balance is ~$1.2B of which 44 per cent which will covered by the request for the equity injection.
2) On Dec 7 or 8, IESO will get confirmation of the November 30 balance and relay to OPG
3) On Dec 7 or 8, OPG to send Ministry of Energy an unofficial, unsigned Transfer Notice indicating the balance, and the amount requested for equity injection along with the Share Subscription form. This notice will be missing the closing date but all other information will be complete and accurate.
4) Ministry of Energy to commence reviewing the request on the assumption that a formal signed Transfer notice will be provided between Dec 12 –15.
5) Ministry of Energy to make formal request to the OFA under an MOU, once the formal signed Transfer Notice is received by the Ministry from OPG. Only once the formal signed Transfer Notice is received by the Ministry of Energy from OPG, will the 5 day period starts, but we will endeavour to expedite, although only 2 of the 5 days are under our control.
6) OFA staff to process the payment within three business days as per the terms of the MOU and wire funds to the appropriate account as per the MOU

From a Ministry of Energy perspective, we are ok with the above approach for this transaction. Our main concern, legal and policy, is ensuring that we have the formal signed Transfer Notice in hand before making any request to the OFA.

I understand that the closing date of the equity injection is the same as the closing date for the external financing which makes it challenging to provide the formal

Transfer Notice within the 5 days. Going forward, you mentioned the warehousing facility may help with this timing issue.

Mike M and Ken K may have additional comments from an OFA perspective.
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 23, 2017 1:26 PM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV
Subject: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Shruti / Mike / Ken K,
Just wanted to give you a preliminary notice of expected funding requirements over the next month to facilitate the first purchase of the asset from the IESO and corresponding debt issued by the Trust, a part of which is supported by the equity injection from the Province. A formal notice will be provided in accordance with the relevant processes but given that this is the first transaction during a month when many people are away then we are providing this preliminary notice to help with lining up the relevant approvals.

The timing of the asset purchase will correspond to the debt issuance by the Trust. The exact timing will depend on completing the items required to market to investors – program documents and credit rating are the key elements.

In terms of dollar amount we anticipate the Trust purchasing the entire variance account balance. This is expected to be about $1.2 billion. As of the end of October, the account is just over $1 billion. It is expected that the senior debt for this first transaction will be both term debt and warehouse debt.

Since this is the first transaction in this structure and there are a number of moving parts at the current time then we will need to have some flexibility on the 5 business day requirement between notification and funding. One of the challenges is to include the Transfer Notice as part of the request for the equity since there is a similar 5 business day notice requirement. We may need to issue the equity request without the Transfer Notice attachment which would follow shortly after.

At the current time the expected dates are:
Pricing of term debt issuance – current target is sometime between Dec 12 to 15
Closing of debt issuance – Dec 19 to 22 (standard for securitization is T+5)

Closing date would correspond to the date for OPG to issue Class A shares to the Province in exchange for the corresponding funding from the Province.
Thanks,
Ken R

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	John Kim
To:	Ronald Kwan
Cc:	Usman Zahid; Gavin He; Shajee Kathirgamanathan; Bruno Amara
Subject:	FW: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Tuesday, November 28, 2017 11:09:28 AM

Fyi.

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, November 28, 2017 10:12 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

FYI

From: Talwar, Shruti (ENERGY)
Sent: November 28, 2017 10:10 AM
To: 'RYFA Ken -TREASURY'; Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY)
Subject: RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Ken R.,

Thanks for your email, and the chat last Friday morning to clarify the proposed process for the first transaction. As you know it is important to Ministry to ensure that we follow the proper process at all times, particularly for the first transaction. Here is the proposed process as I understand it from our chat.

1) IESO asset to be transferred is the balance as of November 30. I understand the projected balance is ~$1.2B of which 44 per cent which will covered by the request for the equity injection.
2) On Dec 7 or 8, IESO will get confirmation of the November 30 balance and relay to OPG
3) On Dec 7 or 8, OPG to send Ministry of Energy an unofficial, unsigned Transfer Notice indicating the balance, and the amount requested for equity injection along with the Share Subscription form. This notice will be missing the closing date but all other information will be complete and accurate.
4) Ministry of Energy to commence reviewing the request on the assumption that a formal signed Transfer notice will be provided between Dec 12 –15.
5) Ministry of Energy to make formal request to the OFA under an MOU, once the formal signed Transfer Notice is received by the Ministry from OPG. Only once the formal signed Transfer Notice is received by the Ministry of Energy from OPG, will the 5 day period starts, but we will endeavour to expedite, although only 2 of the 5 days are under our control.
6) OFA staff to process the payment within three business days as per the terms

of the MOU and wire funds to the appropriate account as per the MOU

From a Ministry of Energy perspective, we are ok with the above approach for this transaction. Our main concern, legal and policy, is ensuring that we have the formal signed Transfer Notice in hand before making any request to the OFA.

I understand that the closing date of the equity injection is the same as the closing date for the external financing which makes it challenging to provide the formal Transfer Notice within the 5 days. Going forward, you mentioned the warehousing facility may help with this timing issue.

Mike M and Ken K may have additional comments from an OFA perspective.
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 23, 2017 1:26 PM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV
Subject: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Shruti / Mike / Ken K,
Just wanted to give you a preliminary notice of expected funding requirements over the next month to facilitate the first purchase of the asset from the IESO and corresponding debt issued by the Trust, a part of which is supported by the equity injection from the Province. A formal notice will be provided in accordance with the relevant processes but given that this is the first transaction during a month when many people are away then we are providing this preliminary notice to help with lining up the relevant approvals.

The timing of the asset purchase will correspond to the debt issuance by the Trust. The exact timing will depend on completing the items required to market to investors – program documents and credit rating are the key elements.

In terms of dollar amount we anticipate the Trust purchasing the entire variance account balance. This is expected to be about $1.2 billion. As of the end of October, the account is just over $1

billion. It is expected that the senior debt for this first transaction will be both term debt and warehouse debt.

Since this is the first transaction in this structure and there are a number of moving parts at the current time then we will need to have some flexibility on the 5 business day requirement between notification and funding. One of the challenges is to include the Transfer Notice as part of the request for the equity since there is a similar 5 business day notice requirement. We may need to issue the equity request without the Transfer Notice attachment which would follow shortly after.

At the current time the expected dates are:
Pricing of term debt issuance – current target is sometime between Dec 12 to 15
Closing of debt issuance – Dec 19 to 22 (standard for securitization is T+5)

Closing date would correspond to the date for OPG to issue Class A shares to the Province in exchange for the corresponding funding from the Province.
Thanks,
Ken R

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	John Kim on behalf of RYFA Ken -TREASURY
To:	Gavin He; Shajee Kathirgamanathan; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Subject:	FW: Process and documents for first asset purchase
Attachments:	MSA_Transfer_Notice_Mock_Up_First_Purchase.docx

-----Original Appointment-----
From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Friday, December 01, 2017 1:49 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention:
Email:

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 11, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $1,200,000,000.00

Purchase Price: $1,200,000,000.00

Closing Date: December 18, 2018

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this 11th day of December, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this 11th day of December, 2017.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

From:	John Kim on behalf of RYFA Ken -TREASURY
To:	Gavin He; Shajee Kathirgamanathan; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Subject:	FW: Process and documents for first asset purchase
Attachments:	MSA_Transfer_Notice_Mock_Up_First_Purchase.docx

-----Original Appointment-----
From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Friday, December 01, 2017 1:49 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention:
Email:

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 11, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $1,200,000,000.00

Purchase Price: $1,200,000,000.00

Closing Date: December 18, 2018

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; [and

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement;] and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this 11th day of December, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this 11th day of December, 2017.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

From:	John Kim
To:	Bruno Amara
Cc:	Gavin He; Shajee Kathirgamanathan
Subject:	FW: Process and documents for first asset purchase
Date:	Friday, December 08, 2017 8:44:37 AM
Attachments:	MSA_Share_Subscription_Notice_Mock_Up_First_Purchase.docx Calculation of equity for FHP 2017.xlsx

Fyi

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Thursday, December 07, 2017 6:32 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Conference Rm:TRS <EX4725@opg.com>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Attached is a preliminary Share Subscription Notice with supporting information. Excel file has the supporting detail for the share price. Transfer Amount not finalized yet.

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO

banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for **12,435,233** Class A Shares of the Corporation at the price of $42.46 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: December 19, 2017

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention:
Email:

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 11, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $1,200,000,000.00

Purchase Price: $1,200,000,000.00

Closing Date: December 19, 2018

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement;

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement; and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this 11th day of December, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this 11th day of December, 2017.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

_____

Investment Asset Purchase in December 2017 representing cumulative IESO deferral to end of November 2017 ("Period")

(A) Purchase Price per Transfer Notice attached:	1,200,000,000.00
(B) Percentage Funded by Equity:	44%
(C) Total Equity injection required for Period (A x B):	528,000,000.00
(D) Class A Share Price pursuant to OPG Financial Statements as of September 30, 2017:	42.46
(E) Number of Class A Shares to be issued to Province (C ÷ D):	12,435,233

Fair Hydro Plan

Quarterly Share Price Calculation

		$ millions				$ millions				$ millions			
	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Common shares	5,126.0	5,126.0	5,126.0	5,126.0									
Class A shares	0.0	0.0	0.0	0.0									
Retained Earnings	5,534.0	5,598.0	5,903.0	6,034.0									
Total equity excluding AOCI / AOCL	10,660.0	10,724.0	11,029.0	11,160.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AOCI / AOCL	(295.0)	(283.0)	(280.0)	(277.0)									
Adjusted total equity with AOCI / AOCL	10,365.0	10,441.0	10,749.0	10,883.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
# of shares:		Millions of shares				Millions of shares				Millions of shares			
Common	256.3	256.3	256.3	256.3									
Class A	0.0	0.0	0.0	0.0									
Total shares	256.3	256.3	256.3	256.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Value per share including AOCI/AOCL	**40.44**	**40.74**	**41.94**	**42.46**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Rounded to cents

Equity Issuance Advance Date					20-Dec-17				
Calculation of # of Class A shares:									
Amount on Transfer Notice from IESO					1,200,000,000				
Percentage funded by Equity	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%
Amount funded by Equity	0	0	0	0	528,000,000	0	0	0	0
Class A share purchase price		40.44	40.74	41.94	42.46	-	-	-	
Number of Class A shares issued	0.0	0.0	0.0	0.0	12,435,233.0	0.0	0.0	0.0	0.0

Balance of Class A shares	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Opening Balance	0.0	0.0	0.0	0.0	0.0	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0
Class A shares issued	0.0	0.0	0.0	0.0	12,435,233.0	0.0	0.0	0.0	0.0
Class A shares redeemed									
Class A shares adjustment									
Total Class A shares end of period	0.0	0.0	0.0	0.0	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0

Equity Issuance Advance Date				
Calculation of # of Class A shares:				
Amount on Transfer Notice from IESO				
Percentage funded by Equity	44.0%	44.0%	44.0%	44.0%
Amount funded by Equity	0	0	0	0
Class A share purchase price				
Number of Class A shares issued	0.0	0.0	0.0	0.0

Balance of Class A shares	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Opening Balance	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0
Class A shares issued	0.0	0.0	0.0	0.0
Class A shares redeemed				
Class A shares adjustment				
Total Class A shares end of period	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0

Equity Injection per Master Subscription Agreement

Attachment A to Exhibit B

(A)	Purchase Price per Transfer Notice from IESO	1,200,000,000.00
(B)	Percentage Funded by Equity	44.000000000%
©	Total Equity Required	528,000,000.00
(D)	Class A share purchase price	42.46
(E)	Number of Class A shares to be issued	12,435,233.0

From: Ronald Kwan
To: John Kim; Bruno Amara
Cc: Gavin He
Subject: FW: Provincial Support Term Sheet
Date: Monday, May 29, 2017 1:13:42 PM
Attachments: Prov Support Agt May 12 MOF draft comments.docx

Hi,

Please review.

Thanks,
Ron

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: May-29-17 12:40
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: Provincial Support Term Sheet

Hi all,

Here is our issues list.

Malle

From: Hanslep, Malle (MOF)
Sent: May 29, 2017 9:18 AM
To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: RE: Provincial Support Term Sheet

Hi all,

We are also putting together an issues list for discussion with Energy Legal and Blakes and will share it with you as well.

Is there any type of draft term sheet for the proposed financing transaction itself or the master sales and servicing agreement? Any general description of the proposed transaction would be helpful to us.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: May 26, 2017 3:16 PM

To: Manning, Mike (OFA); Devine, James (OFA); Yep, Carlos (OFA); Kandelas, Opal (OFA); Kandeepan, Ken (OFA); Kwan, Ronald (OFA)
Cc: Whitfield, Tobias P. (MOF)
Subject: Provincial Support Term Sheet

Hi all,

Further to our meeting on Wednesday, Toby and I have now been in touch with Energy Legal regarding the term sheet and will be attending a meeting with counsel at Blakes next Wednesday morning.

Best,

Malle

Malle Hanslep
Deputy Director
Ministry of the Attorney General
Ministry of Finance Legal Services Branch
Telephone: 416-325-1457

Notice: This communication may be solicitor/client privileged and contain confidential information intended only for the person(s) to whom it is addressed. If you have received this message in error please notify the writer and permanently delete the message and all attachments. Thank you.

CONFIDENTIAL AND PRIVILEGED LEGAL ADVICE

ISSUES LIST – PROVINCIAL SUPPORT AGREEMENT DRAFT MAY 12, 2017

1. Guarantor will be the Minister of Energy and the Minister of Finance on behalf of the Province (see. 5(3) of proposed Fair Hydro Act, 2017).

2. Description of proposed beneficiaries of guarantee is very broad. Provides that beneficiary is Indenture trustee under master trust indenture on behalf of itself and all persons that have claims against a Financing Entity secured under the master trust indenture. Persons range from the Financial Services Manager (OPG) to holders of various types of debt and hedge counterparties. Need to clarify which obligations the Province is being requested to guarantee and under what various agreements to determine scope and limit of guarantee. Is there a term sheet for the proposed financing to be issued by the Financing Entity? Is there a request for a guarantee of payment on other back-up or ancillary borrowing and obligations other than those issued in the market? Is there a draft of the Master Trust Indenture?

3. Why does the term of the guarantee continue for one year after the obligations have been repaid?

4. Performance Guarantee – This is also a very broad guarantee of performance of the IESO and all electricity services providers in favour of the same broad group of beneficiaries. How can the Province ensure that these entities perform their obligations practically? Also the Province is to protect beneficiaries from any commingling risk. It is noted that in the event the performance guarantee is unenforceable against the Province, there would be a separate legal obligation in the provincial support agreement to indemnify beneficiaries for any losses. Would there be any trigger events applicable to the obligation to indemnify as there are for the payment guarantee. If not, is this an issue for accounting treatment purposes? Also, is there an overlap between the performance and payment guarantee? So long as the funding obligations are paid on time by the financing entity, is there a need for other guarantees from the Province? Note that the Province does have immunity from specific types of enforcement under the Proceedings against the Crown Act. Is there a sample term sheet for the Master Sale and Servicing Agreement? Which provisions of the proposed bill are being relied on for this – is it section 5(2)? section 33. There doesn't seem to be a mechanism in the Act to replace the IESO as servicer. Should the Guarantee specify that the Province can appoint a replacement servicer?

5. Payment Guarantee Event – Regarding (B) and (C), the interpretation of when the triggering event has occurred will be an issue – is there a way to make it more objective or how can this be handled if there is a dispute? Regarding (D), think that there is going to be more discussion of the need for this provision from a business perspective. However, is this assuming, that the Province is guaranteeing both long term and short

term funding obligations? Need to clarify when and which obligations the province will be guaranteeing?

6. Payment Guarantee – Again it will be necessary to clarify which obligations the province is guaranteeing to understand what the range of payments to be made are. Also, (y) does not seem acceptable to the Province from a business perspective.

7. Limits under Guarantee – The guarantee wording should be clear so that the Province is guaranteeing payment of certain debt or specific obligations only and the Province's liability should be capped. Province should not be exposed to the risk of any other types of damages or losses.

8. Priority of Payments – Until we know who the beneficiaries are and with respect to what obligations, it is difficult to comment on this.

9. Subrogation – Need to ensure that the Province has appropriate recovery rights and not sure that it is appropriate that all beneficiaries are paid in full before Province gets subrogation rights. Also there is no acceleration here and Province really pays on an ongoing basis so how should subrogation work in such a case.

10. Conditions Precedent – Need to know what they are proposed to be.

11. Representations – Need to know what they are proposed to be as Province does not typically provide representations in connection with guarantees it provides.

12. Confidentiality Obligations – Thought the guarantee is part of a public financing so wouldn't the terms all be known?

13. Legal Opinions – Content, who will be providing them and to whom would they be provided.

General Questions on proposed legislation and interaction with guarantee:

14. General review of relevant sections would be appreciated and how the provisions fit with the requirements of the financing. In particular, s. 5, 13, 19, 21, 22, 33, 41 par 7

Ministry of Finance LSB
May 29, 2017

From: John Kim
To: Ronald Kwan
Subject: FW: Question about the province"s equity injection in OPG
Date: Wednesday, July 12, 2017 11:05:50 AM

Hi Ron,

Would you agree that this is best answered by FTD and/or CMD?

I am not certain if the distinction matters given increased equity investment (part of assets in the B/S) and increased borrowing (liabilities in B/S) but not sure about the ratings practices.

Thanks,

John

From: Bonnie Lemcke
Sent: Wednesday, July 12, 2017 11:02 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: David Cross <David.Cross@ofina.on.ca>
Subject: Question about the province's equity injection in OPG

DBRS is wondering if we have any details on how the province will recoup its equity investment. Do we have any details on this.
"The Province has indicated that it intends to recoup the equity investment over time but has not clarified its required return on the equity or the timing of the repayment. The Province will borrow to fund this equity investment, and in the absence of further information, DBRS considers this debt to be tax-supported debt, consistent with established practice."

Bonnie Lemcke
Manager, Credit Analysis and Rating Relations
Ontario Financing Authority
416-325-8170 (w)
416-716-4092 (m)

From: Ronald Kwan
To: John Kim
Subject: FW: Rate Mitigation Implementation Meeting - November 1, 2017
Date: Tuesday, October 31, 2017 5:52:11 PM
Attachments: 2017 Outstanding Business Issues - Week of Oct 30 - ENE.DOCX
2017-10-27 OFHP Matrix - Week of Oct 31_Clean.docx
Agenda_Weekly Rate Mitig Implmentation Group_ Oct 31.docx

Hi John,

Please review.

On a related issue, any comments back on the IGB slide deck?

Ron

-----Original Message-----
From: Gadi Mayman
Sent: October-31-17 15:54
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: FW: Rate Mitigation Implementation Meeting - November 1, 2017

-----Original Message-----
From: Schlaepfer, Martin (ENERGY) [mailto:Martin.Schlaepfer@ontario.ca]
Sent: Tuesday, October 31, 2017 3:52 PM
To: Steen Hume (CAB) <Steen.Hume@ontario.ca>; Kaili Sermat-Harding (ENERGY) <Kaili.Sermat-Harding@ontario.ca>; Carolyn Calwell (MCSS) <Carolyn.Calwell@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)' <jeffrey.lyash@opg.com>; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)' <ken.hartwick@opg.com>; 'Kim Marshall (Kim.Marshall@ieso.ca)' <Kim.Marshall@ieso.ca>; Scott Thompson (CAB) <Scott.Thompson@ontario.ca>; Helen Angus (MOHLTC) <Helen.Angus@ontario.ca>; Steven Davidson (MTCS) <Steven.Davidson@ontario.ca>; 'CROZZOLI Carlo -CBUSDEV&STRT' <carlo.crozzoli@opg.com>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; 'LEE John -TREASURY' <john.s.lee@opg.com>; Karen Hughes (MGS) <Karen.Hughes@ontario.ca>; Veinot, Cindy (TBS) <Cindy.Veinot@ontario.ca>; Michael Boll <Michael.Boll@ieso.ca>
Cc: Serge Imbrogno (ENERGY) <Serge.Imbrogno@ontario.ca>; Andrew Teliszewsky (ENERGY) <Andrew.Teliszewsky@ontario.ca>; Matt Whittington (ENERGY) <Matt.Whittington@ontario.ca>; Baker, Carys (ENERGY) <Carys.Baker@ontario.ca>; Kyle MacIntyre (MOF) <Kyle.MacIntyre@ontario.ca>; David McLean (MOF) <David.McLean@ontario.ca>; Robert Foster (MOF) <Robert.Foster@ontario.ca>; 'jordan.penic@ieso.ca' <jordan.penic@ieso.ca>; 'Turnevicius, Lorraine' <lorraine.turnevicius@ieso.ca>; 'catriona.king@opg.com' <catriona.king@opg.com>; Francesca Bungaro-Yemec (ENERGY) <Francesca.Bungaro-Yemec@ontario.ca>; Feather, Adam (ENERGY) <SOM.Adam.Feather@ontario.ca>; Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Edwards, Matthew (ENERGY) <Matthew.Edwards@ontario.ca>; Patrick Laughton (MOF) <Patrick.Laughton@ontario.ca>; David Barrett <david.barrett@ieso.ca>; Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: Rate Mitigation Implementation Meeting - November 1, 2017

Hi everyone,

Please find attached the material for discussion tomorrow.

Thanks,
Martin

Outstanding Business Issues – Ontario Fair Hydro Plan

Issue	Overview	Supporting Documentation	Next Steps
Provincial Protection and Assurance Agreement	• Province to provide contingent supports to enable structure	• Draft Term Sheet • Performance Guarantee • Service Guarantee	• MOF / ENE to finalize Protection Agreement based on Term Sheet approved by TB/CAB. **Timing:** In advance of OPG Board Meeting on November 13, 2017
Equity Injection	• Province to purchase shares of OPG on a monthly basis	• Master Subscription Agreement • Service Level Agreement • Notice of Subscription • Amendment to Articles	• OFA / ENE to determine required monthly process and sign-off mechanism **Timing:** October for internal provincial mechanism
PILs Exemption	• Province to mitigate cost to ratepayers by minimizing PILs payable by OPG financing vehicle	• Tax Regulation	• MOF legal to draft comfort letter and regulation (currently with MOF for review) **Timing:** Fall for regulation
Subordinated Debt Loan Agreement	• OPG will lend the equity injection from the Province to the Trust by way of subordinated debt	• Draft Term Sheet • Debt Loan Arrangement	• OFA to provide comments • OPG to draft Debt Loan Arrangement **Timing**: Fall
OPG Management Fees / OPG Fees and Interest Recovery	• OPG is allowed to charge a management fee for its services, which will account for the amount of debt issued, OPG performance, fees charged for comparable services, and ensure OPG operates on a commercial basis.	• Amendments to Ontario Regulation 206/17 (General) • Amendments to O. Reg. 206/17 (General)	• ENE, OPG, OEB and OFA finalized regulatory amendments to enable OPG to establish and charge fees in its role as Financial Service Matter (FSM), provide a methodology for the calculation of those fees and define the role of the OEB in reviewing and approving those fees • Regulatory amendments were also finalized to enable the FSM to recover fees and interest amounts from IESO

	• OPG accounting advice that interest and fees must be recovered during "inflationary cap" period for GA Refinancing to proceed as planned under the OFHPA. Note: Net impact on ratepayers during the inflationary cap period will be zero		during the inflationary cap period, and would enable IESO to record such amounts in the variance account **Timing**: LRC on October 30, 2017
Acceleration and Negative Fair Allocation Amounts (FAA)	• OPG has advised that additional amendments to O. Reg. 206/17 (General) may be required to satisfy accounting requirements, that would address unintended consequences of negative FAA amounts and the impacts of a potential acceleration	• Amendments to O. Reg. 206/17 (General)	• ENE and OPG considering further amendments to the General Reg. **Timing:** LRC on November 20, 2017 and/or December 2017
Letter of Credit	• OPG has advised that an IESO Letter of Credit is required to backstop smaller Local Distribution Companies (LDCs) that do not have credit ratings	• Amendments to O. Reg. 429/04	• ENE, IESO, and OPG considering amendments to O. Reg. 429/04 to enable the recovery of Letter of Credit carrying costs from specified consumers **Timing:** LRC on November 20, 2017 and/or December 2017

Implementation of Ontario's Fair Hydro Plan
Week of October 30, 2017

Item	Key Deliverables / Considerations	Timing / Next Steps
1) Refinancing the Global Adjustment (ESP/IGS/LSB)		
• ENERGY, LSB, IESO, OPG, OEB, TBS and MOF	<u>Recent Action Items</u> • OPG continuing to work with rating agencies • Ongoing Business Items: o Provincial Protection and Assurance Agreement ▪ OFA / OPG / MOF / ENERGY and OPCD working to finalize Agreement. Note: Term Sheet has been approved by TB/CAB o Commercial Agreement ▪ OPG and IESO working to finalize Agreement ▪ Ongoing discussions regarding the "letter of credit" to backstop smaller LDCs without ratings or using a reserve account ▪ ENE and IESO considering amendments to O. Reg. 429/04 to enable IESO recovery of cost associated with the letter of credit o OPG Financing Plan ▪ OPG to provide ENERGY a draft o Acceleration and negative FAA ▪ ENE and OPG considering further amendments to O. Reg. 206/17 o Subordinate Debt Loan Agreement o Equity Injection Process ▪ OPG seeking Board approval of Master Subscription Agreement on September 29. ▪ Province to finalize internal mechanisms by October o Payment in Lieu of Taxes Exemption ▪ MOF/Tax Policy working on comfort letter/regulation regarding PILs for OPG	• October 30, 2017 – LRC for regulatory amendments package (i.e., to address management fees and interest and fees collection during the Inflationary Cap period) • Week of November 6, 2017 – OPG Draft Financing Plan • November 20, 2017 (TBD) – LRC additional amendments to O. Reg. 206/17 (General) to address acceleration and negative FAA issues and IESO carrying cost for the letter of credit • November 13, 2017 – OPG Board meeting • Late November or early December – OPG Initial debt issuance • December (TBD) – LRC

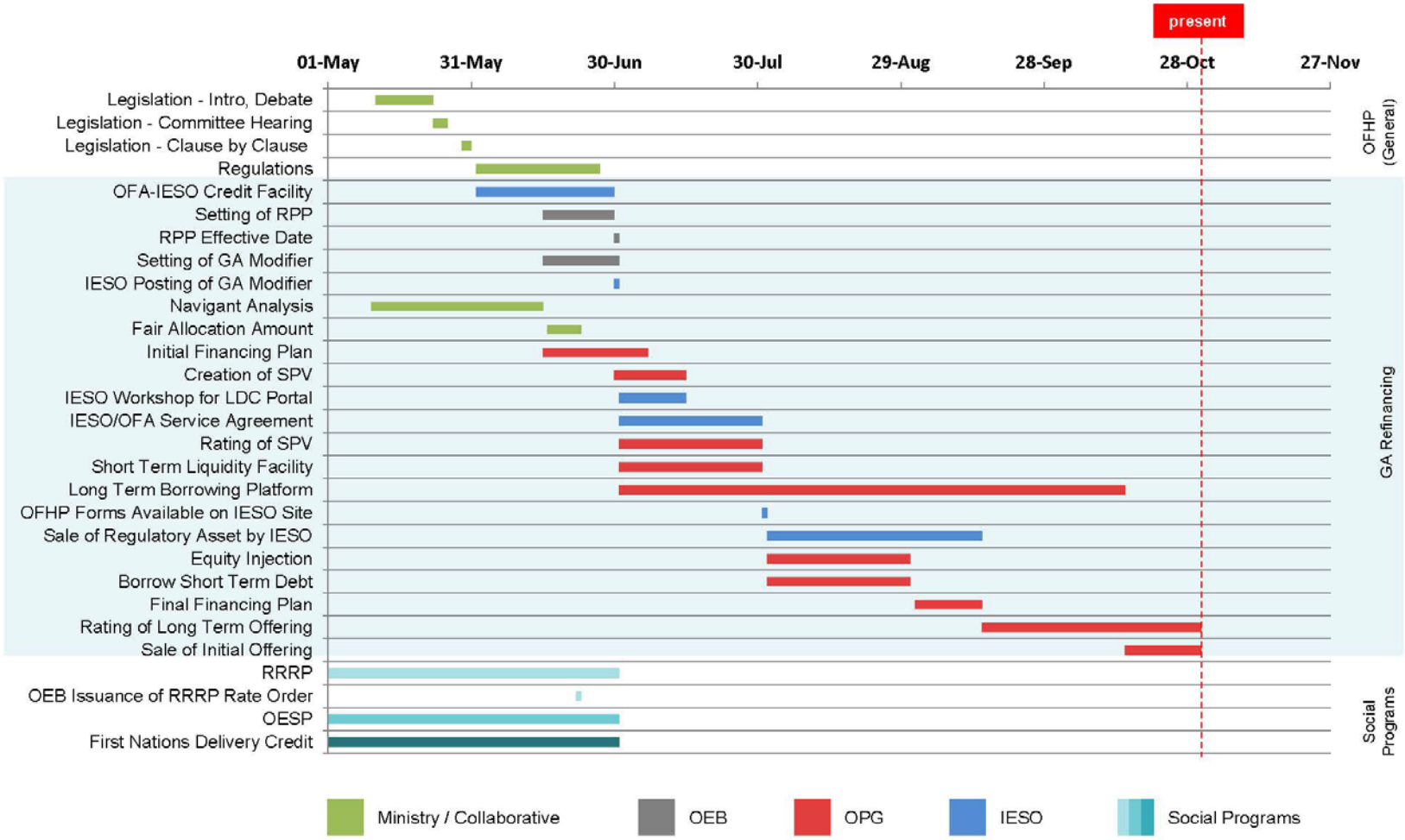
Item	Key Deliverables / Considerations	Timing / Next Steps
2) Broadening Rural or Remote Rate Protection (RRRP) (SNAP)		
• ENERGY, LSB and LDCs	Recent Action Items • All LDCs have indicated they have implemented the program • IESO has begun to submit reimbursement claims to the Ministry	• Discussions have begun with OEB over content of cost forecast report, as contemplated in Regulation
3) Expanding Ontario Electricity Support Program (OESP) (SNAP)		
• ENERGY, LSB, MCSS and OEB	Recent Action Items • July 26 TB/MB approval for MCSS to expand FTEs and create team dedicated to OESP enrolment, using funds approved on March 1, 2017 under FHP. Sought 50 FTEs, but only received 20 – MCSS is considering report-back in the fall to ask for more FTEs • OEB and MCSS completed data exchange to identify SA clients currently not enrolled in OESP. Outreach calls began late August, with direct mail-outs in late September. New call centre to be ready to receive calls in October, and MCSS to continue developing software solution for automation over next several months • CRA approval of proposal for e-signatures on OESP applications. OEB is working with service provider to upgrade online application process (November), and CRA will formally accept e-signature process by amending MOU with Ministry of Finance • Ministry is targeting November/December to proclaim OEBA amendments to shift OESP to tax base, along with supporting regulatory amendments • Ministry and OEB have initiated work to transfer OESP to government	• LRC package being developed for proclaiming OEBA provisions and amending OESP regulation; scheduled for December 11 • Continue to work with OEB to build up the Ministry's knowledge base on administering the OESP

Item	Key Deliverables / Considerations	Timing / Next Steps
4) Providing a First Nations On-Reserve Delivery Credit (SNAP)		
• ENERGY and LSB	<u>Recent Action Items</u> • All LDCs have indicated they have implemented the program. • FNDC post card has been distributed to First Nations Band Councils • IESO has begun submitting claims for reimbursement to the Ministry	• Receiving regular updates from H1 on enrollment
5) Establishing an Affordability Fund (CRED)		
• ENERGY, IGS, LSB, Blakes, CSD, OPCD, TBS, MOF and H1 (KPMG and Osler)	<u>Recent Action Items</u> • October 12 – Soft launch of microsite and 1-800 number • October 24 – Formal announcement in Hamilton involving the Minister of Energy • As of Oct. 23 – 66 applications from 6 LDCs processed through the AFT program • On Oct. 24 – the Trustees held a webinar with 200 participants to overview program design, walk-through the web site, and answer distributor questions • Next Trustees meeting is scheduled for November 2, 2017	**Fall 2017:** • The Trustees are considering the use of Ontario 211 services for the Affordability Fund • The Fund will have an iterative design process to support continuous improvement, and will revisit design elements every 6 months and measures every 3 months • ENERGY has amended the TPA with the Affordability Fund Trust to require use of the Ontario logo in Fund marketing and communications and is waiting for the Trustees to sign-back • Report back to TB/MBC through the PRRT process with final program details and a

Item	Key Deliverables / Considerations	Timing / Next Steps
		performance management framework including outcome measures and targets **Late 2017/early 2018:** • ENERGY can apply for additional funds through an in-year TB submission based on performance and need. Trust term can be extended with amended/new TPA if agreed by Trust
6) Engagement with Officers of the Legislature		
• ENERGY, MOF/OFA, Auditor General (AG)	Recent Action Items • AG special report on OFHP and Government Response released October 17, 2017 • Search for records responding to AG request (emails, responsive documents) completed week of October 25	• TBD – AG Annual Report
7) Bill Presentment (SNAP/LSB)		
• ENERGY	Recent Action Items • Ongoing Ministry work re bill presentment	• 2017-2018 – Bill redesign
8) Expanding ICI (ESP/COMs)		
• ENERGY, LSB, IESO and LDCs	Recent Action Items • Ongoing OCC outreach campaign to promote ICI • Ministry review OCC proposal to expand ICI outreach program • Ongoing outreach with LDCs being undertaken by IESO • CME proposal (TBD)	• Quarterly Report Backs re ICI to TBS / MBC
9) Energy Sector Efficiencies (i.e., Ontario Energy Board and IESO) (SNAP / ESP)		
• ENERGY, LSB, OEB and IESO	**OEB:** • Directive / Letter (TBD) Considerations	• Continue this work as part of 2017 LTEP

Item	Key Deliverables / Considerations	Timing / Next Steps
	• Signal efficiencies intent in OEB business plan letter • Work with OEB/LDCs on LTEP document and proposed directive to OEB • Mandate Review implementation is an opportunity to reiterate expectations. **IESO:** • Directive / Letter (TBD) <u>Considerations</u> • IESO's stakeholder engagement re Market Renewal is ongoing.	

Ontario Fair Hydro Plan Implementation



* Note: Preliminary timeline with tentative dates that are subject to change.

0

WEEKLY RATE MITIGATION IMPLEMENTATION GROUP
November 1, 2017

Agenda

1) GA Refinancing
    - General Business Update (OPG / IESO / ENERGY)
    - Provincial Protection and Assurances Agreement (OFA / OPG)
    - Commercial Agreement (OPG/ IESO)
    - OPG's Financing Plan (OPG)
    - Regulatory Amendments (ENERGY)

2) Sepcial Report – Debrief

3) Other OFHP Initiatives
    - RRRP, OESP and FN (SNAP)
    - Affordability Fund (CRED)

Notes:

From: Gavin He
To: John Kim
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Tuesday, November 07, 2017 11:18:34 AM

Hi John,

I checked in with Ken R. and he said that the subscription form is a schedule to the subscription agreement between MoE and OPG, so it seems that Energy would provide us with that. Do you agree that's the case?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Tuesday, November 07, 2017 10:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The subscription form is a schedule to the subscription agreement between MoE and OPG. I do not have a current draft of that agreement.

Ken

Sent from my iPhone

On Nov 7, 2017, at 10:46 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Do we have an example of the subscription form from the past? Or would Energy have that already?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Monday, November 06, 2017 11:46 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** Re: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin

I have not heard back from Ken about the certificate.

Ken

Sent from my iPhone

On Nov 6, 2017, at 11:20 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Thanks for the feedback.
>
> Also, do you know if Ken K. was able to find an example of the certificate?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Monday, November 06, 2017 11:16 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> My comments are attached.
>
> Ken
>
> ---
>
> **From:** Gavin He
> **Sent:** Friday, November 03, 2017 5:23 PM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Hi Ken,
>
> Thanks for the clarification on the process. To help make the process more clear, I have proposed some edits to the MOU. Could you please review and let me know if that works?
>
> I added some more wording on the process based on our conversation, to state that, OPG will send the subscription form to MOE, which MOE will

review and complete their due diligence. Once that's done, their Deputy of the Minister will provide us a copy of the certification under s.11.4 of the FAA, and OFA will then process the payment.

Please let me know if there's anything I misunderstood. Have a great weekend.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Friday, November 03, 2017 11:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

Section 11.4 of the FAA does not specify a time for the delivery of the certificate. In the case at hand the certificate could be provided at the time the subscription form is executed by MoE. The certificate cannot be executed prior to that time because the certificate will state that OPG is entitled to the payment which will not be the case until the subscription form is executed.

A copy of the certificate could be provided to the OFA at the same time as OFA is provided a copy of the executed subscription form, and this would in fact be the best practice.

Ken

From: Gavin He
Sent: Friday, November 03, 2017 11:05 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

IESO has a question about the s.11.4 certificate. Currently, our draft MOU says:

"(ii) The Minister shall ensure that the certificate under section 11.4 of the Financial Administration Act (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within [*] days after the Subscription Payment is made."

Is there a reason why the certificate is to be delivered after the subscription payment is made but not before?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Monday, October 30, 2017 11:13 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

John

Am I right that you want me to prepare a draft that includes the revisions which are not objectionable?

I want to reiterate that the draft received back from MoE substantially changes the role from what I understand that the OFA has agreed.

Under the MoE draft

1. The subscription form is provided by OPG to MoE and the OFA. I note that since the OFA is not a party to the master subscription agreement and OPG is not a party to this MOU the source of this obligation for OPG is not clear.
2. The OFA then agrees to pay the amount requested by OPG based on an annual payment direction provided by MoE unless MoE notifies the OFA that the payment is not to be made.
3. The provision in the OFA draft for MoE to deliver a copy of the signed subscription form to the OFA is deleted.
4. The OFA is to deliver the s. 11.4 FAA certificate.
5. The limited responsibility of the OFA set out in s. 4 of the OFA draft is deleted.

This process takes the OFA far beyond the simple payments function contemplated in the OFA draft MOU.

It seems to me that MoE is attempting to avoid responsibilities which it cannot avoid.

The share subscription transaction requires that the subscription form be executed by MoE. To execute the form MoE will be required to confirm that the amount requested is appropriate. Having done this there is no reason why MoE should not also execute the s. 11.4 certificate. I also do not understand why this process could not easily include the provision of notice to the OFA to make the payment.

The process proposed by MoE appears to contemplate that the request by OPG is in the nature of an invoice which could simply be paid by the OFA. This fails to recognise the necessity for the subscription form to be executed before payment can be made. The subscription form can only be executed by MoE.

Would it be worthwhile to pursue these issues with MoE before preparing a further draft or do you prefer to send over the OFA draft, modified to reflect the MoE terminology changes?

Ken

From: John Kim
Sent: Monday, October 30, 2017 12:56 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Sure, we throw at them hopefully a starting point we can live with….and likely it will come back so we will share that with you soon.

Thanks,

John

From: Kenneth Russell
Sent: Monday, October 30, 2017 12:52 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

John and Gavin

There are some changes in terminology in the MoE draft which could could be incorporated into the OFA draft if you wish if the direction of the OFA draft is confirmed.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, October 26, 2017 10:51 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.
>
> Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.
>
> Ken
>
> ---
>
> **From:** Gavin He
> **Sent:** Thursday, October 26, 2017 9:16 AM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.

Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.

Thanks,
Gavin He

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to

include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

From: Gavin He
To: John Kim
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Monday, November 06, 2017 2:20:23 PM
Attachments: OFA - MoE MOU Fair Hydro Plan_v7(OFA Legal).docx

---

Hi John,

I proposed some edits in the MOU but Ken rejected those edits as he feels that those 2 bullets I added in were already covered in the MOU. He also mentioned that Ken K. will look for an example of a certificate, but I just followed up with him this morning, and he said he hasn't heard anything back from Ken K. yet.

For now, do you think we can just wait to hear back from Energy for their feedback on MOU? I think from our side, we are pretty clear on how the process is going to be. Also, it seems that Ken R. confirmed my understanding in below email that, once Energy is good with OPG's requested amount, their Deputy or the Minister will provide us a copy of the certification under s.11.4 of the FAA, and OFA will then process the payment. So OFA will not process the payment until we received the subscription form and certificate from MOE.

Regards,
Gavin He

From: Kenneth Russell
Sent: Monday, November 06, 2017 11:16 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

My comments are attached.

Ken

From: Gavin He
Sent: Friday, November 03, 2017 5:23 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Thanks for the clarification on the process. To help make the process more clear, I have proposed some edits to the MOU. Could you please review and let me know if that works?

I added some more wording on the process based on our conversation, to state that, OPG will send

the subscription form to MOE, which MOE will review and complete their due diligence. Once that's done, their Deputy of the Minister will provide us a copy of the certification under s.11.4 of the FAA, and OFA will then process the payment.

Please let me know if there's anything I misunderstood. Have a great weekend.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Friday, November 03, 2017 11:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

Section 11.4 of the FAA does not specify a time for the delivery of the certificate. In the case at hand the certificate could be provided at the time the subscription form is executed by MoE. The certificate cannot be executed prior to that time because the certificate will state that OPG is entitled to the payment which will not be the case until the subscription form is executed.

A copy of the certificate could be provided to the OFA at the same time as OFA is provided a copy of the executed subscription form, and this would in fact be the best practice.

Ken

From: Gavin He
Sent: Friday, November 03, 2017 11:05 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

IESO has a question about the s.11.4 certificate. Currently, our draft MOU says:

"(ii) The Minister shall ensure that the certificate under section 11.4 of the Financial Administration Act (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within [*] days after the Subscription Payment is made."

Is there a reason why the certificate is to be delivered after the subscription payment is made but not before?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Monday, October 30, 2017 11:13 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

John

Am I right that you want me to prepare a draft that includes the revisions which are not objectionable?

I want to reiterate that the draft received back from MoE substantially changes the role from what I understand that the OFA has agreed.

Under the MoE draft

1. The subscription form is provided by OPG to MoE and the OFA. I note that since the OFA is not a party to the master subscription agreement and OPG is not a party to this MOU the source of this obligation for OPG is not clear.
2. The OFA then agrees to pay the amount requested by OPG based on an annual payment direction provided by MoE unless MoE notifies the OFA that the payment is not to be made.
3. The provision in the OFA draft for MoE to deliver a copy of the signed subscription form to the OFA is deleted.
4. The OFA is to deliver the s. 11.4 FAA certificate.
5. The limited responsibility of the OFA set out in s. 4 of the OFA draft is deleted.

This process takes the OFA far beyond the simple payments function contemplated in the OFA draft MOU.

It seems to me that MoE is attempting to avoid responsibilities which it cannot avoid.

The share subscription transaction requires that the subscription form be executed by MoE. To execute the form MoE will be required to confirm that the amount requested is appropriate. Having done this there is no reason why MoE should not also execute the s. 11.4 certificate. I also do not understand why this process could not easily include the provision of notice to the OFA to make the payment.

The process proposed by MoE appears to contemplate that the request by OPG is in the nature of an invoice which could simply be paid by the OFA. This fails to recognise the necessity for the subscription form to be executed before payment can be made. The subscription form can only be

executed by MoE.

Would it be worthwhile to pursue these issues with MoE before preparing a further draft or do you prefer to send over the OFA draft, modified to reflect the MoE terminology changes?

Ken

From: John Kim
Sent: Monday, October 30, 2017 12:56 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Sure, we throw at them hopefully a starting point we can live with….and likely it will come back so we will share that with you soon.

Thanks,

John

From: Kenneth Russell
Sent: Monday, October 30, 2017 12:52 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

John and Gavin

There are some changes in terminology in the MoE draft which could could be incorporated into the OFA draft if you wish if the direction of the OFA draft is confirmed.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,

John

From: Kenneth Russell
Sent: Thursday, October 26, 2017 10:51 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.

Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.

Ken

From: Gavin He
Sent: Thursday, October 26, 2017 9:16 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.
>
> Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
> **Sent:** Thursday, July 20, 2017 9:59 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
> **Subject:** Revising OFA MOU with Energy to include Fair Hydro Programs
> **Importance:** High
>
> Hi Gavin,
>
> I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?
>
> The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre

information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Minister a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

~~Upon receipt of the Share Subscription, the Ministry of Energy will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.~~

~~8. The Minister will provide a copy of the certificate for the Subscription Payment to the OFA, under section 11.4 of the *Financial Administration Act*.~~

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date").

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister.

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Commented [KR1]: The obligation to ensure that the Appropriated Amount is sufficient is already included in Section 2 (b). In my view it is beyond the scope of the OFA's responsibilities as payment agent to require MoE to carry out due diligence.

Commented [KR2]: This is already addressed on section 1. (ii).

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is ~~obtained~~completed, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made ~~by~~to OPG.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minister account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments;

monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From: Shajee Kathirgamanathan
To: John Kim; Gavin He
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Thursday, July 20, 2017 10:43:42 AM
Attachments: OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx

---

Hi John,

Energy is asking for comments on the MOU. We can review, but considering this is FHP, I assume other areas of the OFA are involved, no?

I think I bought some time, but at the very least we can give other areas a heads up. I remember reviewing the OREC MOU, but forgot who we had to deal with outside our branch. Gavin, I know Salman was working on it, would you know as well?

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 10:25 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Shajee,

Please find the document attached. The timeline has some leeway, but we would like to get through this process as soon as possible. Also for reference, the mechanics of the Fair Hydro Plan processes that will involve the OFA are quite similar to the OREC.

Thank you for following up on this.

-Robert
(416) 325-6899

From: Shajee Kathirgamanathan [mailto:Shajee.Kathirgamanathan@ofina.on.ca]
Sent: July 20, 2017 10:22 AM
To: Hunter, Robert A. (ENERGY); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Robert,

I didn't get the attachment in the previous email.

On the timeline for July 24 EOD, please note we may have to involve other areas of the OFA (legal, capital markets, or treasury division), particularly as unlike the OREC MOU which had the prior OCEB MOU to be based on, the mechanics behind the FHP may be different. If it's a hard deadline, it might be helpful to send this via more senior channels.

We'll do what we can for now.

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Amended and Restated
Memorandum of Understanding
Relating to the Process for Payment
for the Ontario Rebate for Electricity Consumers
and Programs Under the *Fair Hydro Act, 2017*
("Amended MOU")

Dated: **[TBD]**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy ("**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Ministry and the OFA have entered into a Memorandum of Understanding Relating to the Ontario Rebate for Electricity Consumers dated **January 1, 2017** (the "Existing MOU");

2. The Ministry and the OFA wish to amend and restate the Existing MOU as set out in this Amended MOU;

3. Pursuant to subsection 10 (2) of O. Reg. 363/16 made under the *Ontario Rebate for Electricity Consumers Act, 2016* (the "ORECA"), electricity vendors and other prescribed persons are entitled to be reimbursed for financial assistance ("OREC") provided to consumers entitled under the ORECA to receive it;

4. Pursuant to subsection 79.4 (6) of the *Ontario Energy Board Act, 1998,* (the "OEBA"), distributors and other prescribed persons or entities are entitled to be compensated for any lost revenue resulting from the provision of on-reserve delivery credits ("FNDC") under section 79.4 of the OEBA;

5. Pursuant to subsection 79 (3) of the OEBA, distributors are entitled to be compensated for lost revenue resulting from rate reductions ("RRRP") provided to rural or remote consumers under subsection 79 (1) of the OEBA;

6. Pursuant to subsection 79.3 (4) of the OEBA, prescribed distributors are entitled to be compensated for lost revenue resulting from the provision of distribution rate protection ("DRP") to distribution rate-protected residential consumers under section 79.3 of the OEBA;

7. Pursuant to subsection 79.2 (10) of the OEBA as set out in section 2 of Schedule 2 of the *Fair Hydro Act, 2017*, which section comes into force on a day to be named by proclamation of the Lieutenant Governor, distributors, unit sub-meter providers and other prescribed persons or entities are entitled to be compensated for lost revenue resulting from the provision of rate assistance ("OESP Assistance") under the Ontario Electricity Support Program;

8. Reimbursement for OREC, FNDC, RRRP, DRP and OESP (collectively "Reimbursement") will flow to the persons or entities entitled to receive it ("Payment Recipients") through the Independent Electricity System Operator ("IESO") in accordance with the ORECA and the OEBA;

9. Under the ORECA and the OEBA, the Ministry will be required to pay amounts to the IESO on account of the Reimbursement (the "Payments") out of the moneys appropriated for that purpose by the Legislature ("Appropriated Amounts");

10. The Ministry considers it advisable for the OFA to make the Payments on behalf of the Ministry and the OFA has agreed to make the Payments on behalf of the Ministry;

11. The Ministry and the OFA have also agreed to work together on OREC cost forecasting;

12. The Ministry and the OFA wish to enter into this Amended MOU pursuant to clause 7 (3)(f) of the *Ministry of Energy Act* and subsection 30 (1) of the *Capital Investment Plan Act, 1993* to confirm their agreement regarding the terms on which the OFA will make the Payments and on which the Ministry and the OFA will work together on OREC cost forecasting.

Therefore:

The Ministry and the OFA agree as follows:

1. Payment Authorization

(i) The Ministry authorizes the OFA to make the Payments on behalf of the Ministry and the OFA agrees to make the Payments on behalf of the Ministry.

(ii) The Ministy shall ensure that the certificate under section 11.4 of the *Financial Administration Act* required for each of the Payments is obtained.

(iii) It is agreed by the Ministry and the OFA that the OFA is acting as agent, on behalf of the Ministry, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access the Appropriated Amounts, and

ii. Making the required Payments on behalf of the Ministry as further described in this Amended MOU.

2. Payment Process

a) The Ministry has an account with the IESO under which the IESO will issue invoices to the Ministry for all of the Payments by giving the Ministry access to a secure IESO portal containing these invoices ("IESO Portal").

b) To enable the OFA to make the Payments on behalf of the Ministry, the Ministry will take all necessary steps to provide the OFA with access to the IESO Portal so that the OFA will have access to each IESO invoice and settlement statement to the Ministry, at the same time the IESO issues the invoice or settlement statement to the Ministry.

c) The OFA will make each Payment on behalf of the Ministry, in the amount of the applicable IESO invoice, upon receiving authorization from the Ministry to do so. Authorization will be given by way of an e-mail to the OFA contact person at their e-mail address as provided in section 8.

d) The Payments will be made in accordance with the IESO Market Rules and IESO Manuals for settlements and billing of market participants, as amended from time to time.

e) The Payments will be made from the Consolidated Revenue Fund, and immediately upon the completion of the Payment or shortly thereafter the amount of each Payment will be entered by the OFA into the Province's IFIS system under a pre-defined Ministry account specified by the Ministry.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Payment in the amount of the IESO invoice.

b) The OFA will keep and maintain all records related to Payments in respect of the OREC, FDNC, RRRP, DRP and OESP Assistance for a period of seven (7) years, and will provide the Ministry with electronic copies (or paper copies, if requested by the Ministry) of such of those records as the Ministry may request from time to time.

c) The requirements under this section shall survive any termination of this Amended MOU.

d) The Public Accounts reporting related to the Payments will be performed by the Ministry.

4. OREC Cost Forecasting

a) The Ministry and the OFA will work together to prepare and review cost forecasts, estimates, and analysis related to the OREC.

b) The OFA will be entitled to use, for the purposes contemplated in paragraph 4 a), the IESO invoices and settlement statements relating to the OREC that are accessed by the OFA through the IESO Portal. The Ministry will also provide to the OFA, for the same purposes, any OREC related reports to the IESO from Payment Recipients ("OREC Payment Recipients"), that are received by the Ministry. The Ministry will also provide the OFA with electronic portal access to OREC related data and reports by OREC Payment Recipients as provided to the Ministry through its electronic portal reporting process.

c) The OFA and the Ministry will collaborate to prepare fiscal year cost estimates and monthly cashflow estimates for OREC.

d) The OFA and the Ministry will ensure senior management in their respective organizations are briefed and updated on the OREC forecasting on a regular basis to ensure there is mutual understanding and agreement on the forecasts.

e) The Ministry and the OFA acknowledge and agree that the actual costs of OREC may not be the same as the forecasted costs, and that the OFA bears no liability for any differences between the forecast and actual costs of OREC, nor does the OFA have any responsibility for any application to Treasury Board for the Appropriated Amount or for a change in the Appropriated Amount for OREC.

5. Limited Role of the OFA

The OFA will only be responsible for making the Payments in accordance with section 2 and assisting in OREC cost forecasting in accordance with section 4. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the IESO invoices, monitoring the IESO's application of the Payments, monitoring the balance from time to time of the Appropriated Amount, or ensuring the Appropriated Amount is sufficient.

6. Review and Termination

a) The Ministry and the OFA will review this Amended MOU annually.

b) This Amended MOU may be terminated by either party at any time, on 90 days notice.

c) Upon termination of this Amended MOU, the OFA will cease to make any Payments.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

7. No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this Amended MOU.

8. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this Amended MOU.

b) As of the date of this Amended MOU the OFA's contact person is:

John Kim
Tel: (416) 212-6996
Email: John.kim@ofina.on.ca

c) As of the date of this Amended MOU the Ministry's contact persons are:

For matters relating to FNDC, RRRP, DRP or OESP:

Michael Reid, Assistant Deputy Minister, Strategic, Network and Agency Policy Division
Tel: 416-325-6544
Email: Michael.reid@ontario.ca

For matters relating to OREC:

Robert Burns, Chief Administrative Officer & Assitant Deputy Minister, Corporate Services Division

Tel: 416-327-3682
Email: Robert.burns@ontario.ca

d) Either party may designate a different member of its staff as a contact person by providing notice to the other party in accordance with section 9.

9. Notice

a) Any notice under this Amended MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's applicable contact person.

b) In the case of the OFA, the addresses for notice are:

Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Toronto, ON M7A 1Y7
Attention: John Kim

Email:
John.kim@ofina.on.ca

c) In the case of the Ministry, the addresses for notice are:

For matters relating to FNDC, RRRP, DRP or OESP:

Hand Delivery:
Ministry of Energy, Strategic, Network and Agency Policy Division
6th Flr, 77 Grenville St
Toronto, ON M7A 2C1
Attention: Michael Reid, Assistant Deputy Minister, Strategic, Network and Agency Policy Division

Email:
Michael.reid@ontario.ca

For matters relating to OREC:

Hand Delivery:
Ministry of Energy, Corporate Services Division
5th Floor, 900 Bay Street, Mowat Block
Toronto, ON M7A 2C1
Attention: Robert Burns, Chief Administrative Officer & Assistant Deputy Minister

Email:
Robert.burns@ontario.ca

For matters relating to both OREC and one or more of FNDC, RRRP, DRP and OESP, notices shall be given to both contact persons at the addresses set out above.

10. Amendment and Restatement

As of the date first above written, the Existing MOU is amended and restated in its entirety by this Amended MOU.

11. Execution

The parties have executed this Amended MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

Name: Michael Reid

Title: Assistant Deputy Minister, Strategic, Network and Agency Policy Division, Ministry of Energy

by:_____

Name: Robert Burns

Title: Chief Administrative Officer & Assistant Deputy Minister, Corporate Services Division, Ministry of Energy

Ontario Financing Authority

by:_____

Name: Ronald Kwan

Title: Assistant Deputy Minister
Corporate and Electricity Finance Division
Ontario Financing Authority

From: Gavin He
To: John Kim
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Wednesday, November 08, 2017 4:54:16 PM
Attachments: FAA section 11.4 Certificate Form_Draft.docx

Hi John,

Ken R. just drafted the attached s.11.4 certificate. I added the word "signature" to one of the lines at the bottom to make it clear. Would you like me to share this with Energy?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 08, 2017 4:48 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

Ken Kandeepan does not have a precedent section 11.4 certificate.

I have prepared the attached draft certificate.

Ken

From: Gavin He
Sent: Wednesday, November 08, 2017 4:45 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope your day is going well! Just want to check in with you to see if you have got a chance to go through below email? Energy has booked a meeting with us to discuss this item tomorrow afternoon, so it would be helpful to get your feedback before that.

Thanks,
Gavin He

From: Gavin He
Sent: Tuesday, November 07, 2017 4:13 PM

To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

I see, thanks for pointing that out.

Energy would like to have a chat with us on Thursday, so we are trying to proactive on getting things ready prior to that meeting. While waiting for Ken K. to looking for an example of certificate, I just crafted one up. Would you mind taking a look and let me know if something like this would work at all?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Tuesday, November 07, 2017 10:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The subscription form is a schedule to the subscription agreement between MoE and OPG. I do not have a current draft of that agreement.

Ken

Sent from my iPhone

On Nov 7, 2017, at 10:46 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Do we have an example of the subscription form from the past? Or would Energy have that already?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Monday, November 06, 2017 11:46 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

I have not heard back from Ken about the certificate.

Ken

Sent from my iPhone

On Nov 6, 2017, at 11:20 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Thanks for the feedback.
>
> Also, do you know if Ken K. was able to find an example of the certificate?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Monday, November 06, 2017 11:16 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> My comments are attached.
>
> Ken
>
> ---
>
> **From:** Gavin He
> **Sent:** Friday, November 03, 2017 5:23 PM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Hi Ken,
>
> Thanks for the clarification on the process. To help make the process more clear, I have proposed some edits to the MOU. Could you please review and let me know if that works?

I added some more wording on the process based on our conversation, to state that, OPG will send the subscription form to MOE, which MOE will review and complete their due diligence. Once that's done, their Deputy of the Minister will provide us a copy of the certification under s.11.4 of the FAA, and OFA will then process the payment.

Please let me know if there's anything I misunderstood. Have a great weekend.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Friday, November 03, 2017 11:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

Section 11.4 of the FAA does not specify a time for the delivery of the certificate. In the case at hand the certificate could be provided at the time the subscription form is executed by MoE. The certificate cannot be executed prior to that time because the certificate will state that OPG is entitled to the payment which will not be the case until the subscription form is executed.

A copy of the certificate could be provided to the OFA at the same time as OFA is provided a copy of the executed subscription form, and this would in fact be the best practice.

Ken

From: Gavin He
Sent: Friday, November 03, 2017 11:05 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

IESO has a question about the s.11.4 certificate. Currently, our draft MOU

says:

"(ii) The Minister shall ensure that the certificate under section 11.4 of the Financial Administration Act (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within [*] days after the Subscription Payment is made."

Is there a reason why the certificate is to be delivered after the subscription payment is made but not before?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Monday, October 30, 2017 11:13 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

John

Am I right that you want me to prepare a draft that includes the revisions which are not objectionable?

I want to reiterate that the draft received back from MoE substantially changes the role from what I understand that the OFA has agreed.

Under the MoE draft

1. The subscription form is provided by OPG to MoE and the OFA. I note that since the OFA is not a party to the master subscription agreement and OPG is not a party to this MOU the source of this obligation for OPG is not clear.
2. The OFA then agrees to pay the amount requested by OPG based on an annual payment direction provided by MoE unless MoE notifies the OFA that the payment is not to be made.
3. The provision in the OFA draft for MoE to deliver a copy of the signed subscription form to the OFA is deleted.
4. The OFA is to deliver the s. 11.4 FAA certificate.
5. The limited responsibility of the OFA set out in s. 4 of the OFA draft is deleted.

This process takes the OFA far beyond the simple payments function contemplated in the OFA draft MOU.

It seems to me that MoE is attempting to avoid responsibilities which it cannot avoid.

The share subscription transaction requires that the subscription form be executed by MoE. To execute the form MoE will be required to confirm that the amount requested is appropriate. Having done this there is no reason why MoE should not also execute the s. 11.4 certificate. I also do not understand why this process could not easily include the provision of notice to the OFA to make the payment.

The process proposed by MoE appears to contemplate that the request by OPG is in the nature of an invoice which could simply be paid by the OFA. This fails to recognise the necessity for the subscription form to be executed before payment can be made. The subscription form can only be executed by MoE.

Would it be worthwhile to pursue these issues with MoE before preparing a further draft or do you prefer to send over the OFA draft, modified to reflect the MoE terminology changes?

Ken

From: John Kim
Sent: Monday, October 30, 2017 12:56 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Sure, we throw at them hopefully a starting point we can live with….and likely it will come back so we will share that with you soon.

Thanks,

John

From: Kenneth Russell
Sent: Monday, October 30, 2017 12:52 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>

Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

John and Gavin

There are some changes in terminology in the MoE draft which could could be incorporated into the OFA draft if you wish if the direction of the OFA draft is confirmed.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, October 26, 2017 10:51 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.
>
> Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.
>
> Ken
>
> ---
>
> **From:** Gavin He

Sent: Thursday, October 26, 2017 9:16 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the

OFA authority to make payments for the new Fair Hydro Plan programs.

Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.

Thanks,
Gavin He

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for

Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

FAA SECTION 11.4 (1)(C) CERTIFICATE

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

I hereby certify that OPG is eligible for or entitled to the Subscription Payment.

Dated:

Signature:_____

name: **[Minister of Energy, or Deputy Minister of Energy, or a person authorised by either of them]**

title:

DRAFT

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: FW: Service agreement on Fair Hydro
Date: Thursday, November 09, 2017 9:03:02 AM
Attachments: FAA section 11.4 Certificate Form_Draft(v2).docx
OFA - MoE MOU Fair Hydro Plan_v7(OFA Legal).docx

Hi Ron,

At the end of last month, Energy reached out to EFB to touch base on the MOU between MOE and OFA for the service agreement on FHP. In the previous draft version of the MOU, it was mentioned that OFA would get confirmation of the equity injection amount from MOE via the Subscription Form and the Certificate Form under section 11.4 of the FAA. So Energy has reached out to see if we have an example of the Certificate that we can share with them. Ken Russell said that OFA does not have a precedent section 11.4 certificate, so he drafted the attached certificate to be shared with Energy.

In the previous draft of the Master Subscription Agreement, it seems the templates of those two forms will be included, Energy has invited us to a meeting today to discuss questions with OPG re Master Subscription Agreement. Ken Russell, John, and myself are attending the meeting today.

Are you okay with us sharing the attached draft Certificate Form with Energy at a staff level? Also, I have attached the previous draft of the MOU provided by OFA Legal for your reference.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 01, 2017 10:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Thanks, Gavin.

Hope you are well too.

We are looking over the draft agreement

Can you send us an example of what the certificate could look like? We can then work with our lawyer to prepare a draft for this agreement.

Shruti

Shruti Talwar

Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: October 30, 2017 10:35 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Hope all is going well!

Please find attached the latest version of the MOU we currently have.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

FAA SECTION 11.4 (1)(C) CERTIFICATE

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

I [**Minister of Energy, or Deputy Minister of Energy, or a person authorised by either of them**] hereby certify that OPG is eligible for or entitled to the Subscription Payment.

Dated:

_____

name:

title:

DRAFT

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Minister a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date").

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister.

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is ~~obtained~~completed, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made ~~by~~to OPG.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minister account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From: John Kim
To: Shajee Kathirgamanathan; Gavin He
Subject: FW: Updates for the Financing Table
Date: Friday, February 23, 2018 4:11:51 PM
Attachments: Financing Table 2018 Budget.xlsx

For Monday, could you take a look at the GA smoothing row? I think the answer is no update. But let's look at it next week. I'd rather focus on other stuff we have going for today.

From: Christina Zhang
Sent: Thursday, February 22, 2018 9:49 AM
To: Martine Bell <Martine.Bell@ofina.on.ca>; Mark Froud <Mark.Froud@ofina.on.ca>; Michael Isaac <Michael.Isaac@ofina.on.ca>; Arie Jarczyn <Arie.Jarczyn@ofina.on.ca>; Kevin Hwang <Kevin.Hwang@ofina.on.ca>; Robert Bozinoski <Robert.Bozinoski@ofina.on.ca>; Hani Khattas <Hani.Khattas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Peter Lam <Peter.Lam@ofina.on.ca>; Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Jean-Paul Lamoureux <Jean-Paul.Lamoureux@ofina.on.ca>; Erica Wieder <Erica.Wieder@ofina.on.ca>; Leo Oriotis <Leo.Oriotis@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Connie Chen <Connie.Chen@ofina.on.ca>; Deitra Sawh <Deitra.Sawh@ofina.on.ca>; Jensen Chong <Jensen.Chong@ofina.on.ca>; Shemin Meralli <Shemin.Meralli@ofina.on.ca>; Shabina Hassan <Shabina.Hassan@ofina.on.ca>; Susan Szabo <Susan.Szabo@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: Updates for the Financing Table

Good morning,

In preparation for the upcoming 2018 Document, please provide inputs from your respective areas to the following SharePoint link:

http://portal.ofina.on.ca/sites/rcd/Financing%20Table/SitePages/Home.aspx

Information up to F2020-21 is required but if possible, please complete information up to F2021-22.

Please complete your updates by **noon on Monday, February 26th**.

Please input the data in your area's respective folders. You should have the appropriate editing rights for your respective areas, otherwise you should only have reading rights. If you have issues with the sites, please let me know.

The Financing table document is currently password protected with the new 2018 Document password. Please message or call me (or anyone from IR) if you need the password.

Much appreciated.
Christina

ACTUAL
(in billions)

20-Oct-18

TABLE XX 2017–18 Borrowing Plan

	2017 Budget Plan	Current Outlook	In-Year Change
Deficit/(Surplus)	-	-	-
Investment in Capital Assets	13.1	13.1	-
Non-Cash Adjustments	(6.7)	(6.7)	-
Loans to Infrastructure Ontario	0.4	0.4	-
Other Net Loans/Investments	(0.8)	(1.0)	(0.3)
Debt Maturities	17.5	17.4	(0.1)
Debt Redemptions	0.1	0.1	(0.0)
Total Funding Requirement	**23.7**	**23.3**	**(0.4)**
Canada Pension Plan Borrowing	-	-	-
Decrease/(Increase) in Short-Term Borrowing	-	-	-
Increase/(Decrease) in Cash and Cash Equivalents	6.0	6.0	-
Preborrowing from 2016-17 for 2017-18	(3.2)	(3.8)	(0.5)
Preborrowing in 2017-18		8.1	8.1
Total Long-Term Public Borrowing	**26.4**	**33.6**	**7.1**

TABLE XX 2018 Budget Medium-Term Borrowing Outlook

	2018-19	2019-20	2020-21
Deficit/(Surplus)	-	-	-
Investment in Capital Assets	15.4	17.1	15.7
Non-Cash Adjustments	(6.9)	(7.1)	(7.1)
Loans to Infrastructure Ontario	0.5	0.6	0.6
Other Net Loans/Investments	1.6	0.4	0.5
Debt Maturities	21.6	27.3	23.2
Debt Redemptions	0.1	0.1	0.1
Total Funding Requirement	**32.3**	**38.4**	**33.0**
Canada Pension Plan Borrowing	(0.0)	(0.9)	(0.6)
Decrease/(Increase) in Short-Term Borrowing	-	-	-
Increase/(Decrease) in Cash and Cash Equivalents	-	-	-
Preborrowing from 2016-17 for 2017-18	-		
Preborrowing in 2017-18	(8.1)		
Total Long-Term Public Borrowing	**24.2**	**37.5**	**32.4**

Budget 2017

	2017-18	2018-19	2019-20
Deficit/(Surplus)	-	-	-
Investment in Capital Assets	13.1	15.4	17.1
Non-Cash Adjustments	(6.7)	(6.9)	(7.1)
Loans to Infrastructure Ontario	0.4	0.5	0.6
Other Net Loans/Investments	(0.8)	1.4	0.6
Debt Maturities	17.5	21.8	27.4
Debt Redemptions	0.1	0.1	0.1
Total Funding Requirement	**23.7**	**32.3**	**38.7**
Canada Pension Plan Borrowing	-	(0.0)	(0.9)
Decrease/(Increase) in Short-Term Borrowing	-	-	-
Increase/(Decrease) in Cash and Cash Equivalents	6.0		
Preborrowing from 2016-17 for 2017-18	(3.2)		
Preborrowing in 2017-18			
Total Long-Term Public Borrowing	**26.4**	**32.2**	**37.8**

Change from Budget 2017

	2018-19	2019-20
Deficit/(Surplus)	-	-
Investment in Capital Assets	-	-
Non-Cash Adjustments	-	-
Loans to Infrastructure Ontario	-	-
Other Net Loans/Investments	0.2	(0.2)
Debt Maturities	(0.2)	(0.1)
Debt Redemptions	-	-
Total Funding Requirement	**0.0**	**(0.3)**
Canada Pension Plan Borrowing	-	-
Decrease/(Increase) in Short-Term Borrowing	-	-
Increase/(Decrease) in Cash and Cash Equivalents	-	-
Preborrowing from 2016-17 for 2017-18	-	-
Preborrowing in 2017-18	(8.1)	-
Total Long-Term Public Borrowing	**(8.1)**	**(0.3)**

Medium-Term Outlook

Consolidated Provincial and OEFC Borrowing Program
($millions)

2017 Budget	2017-18	2018-19	2019-20	2020-21	2021-22
Deficit/(Surplus)	-	-	-	-	-
Investment in Capital Assets	13,129	15,450	17,128	15,696	13,606
Non-Cash Adjustments	(6,724)	(6,889)	(7,105)	(7,105)	(7,105)
Loans to Infrastructure Ontario	410	466	600	612	612
Other Net Loans/Investments	(1,037)	1,578	421	514	626
Debt Maturities	17,443	21,608	27,278	23,242	25,743
Debt Redemptions	50	80	80	80	80
Total Funding Requirement	**23,270**	**32,293**	**38,401**	**33,040**	**33,563**
Canada Pension Plan Borrowing	-	(45)	(870)	(629)	(504)
Decrease/(Increase) in Short-Term Borrowing	-	-	-	-	-
Increase/(Decrease) in Cash and Cash Equivalents	6,000	-	-	-	-
Preborrowing from 2016-17	(3,755)				
Preborrowing in 2017-18	8,063	(8,063)			
Preborrowing in 2018-19	-				
Total Long-Term Public Borrowing	**33,578**	**24,184**	**37,531**	**32,410**	**33,059**
Net Borrowing	5,777	10,604	11,044	9,717	7,740

Estimated Financing Tables - Input Sheet

	2017-18			2018-19			2019-20			2020-21		
	Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario	OEFC
Deficit/(Surplus)	-	1,055	(1,055)	-	(30)	30	-	14	(14)	-	269	(269)
Investment in Capital Assets*	13,129	13,129		15,450	15,450		17,128	17,128		15,696	15,696	
Non-Cash Adjustments	(6,724)	(7,433)	709	(6,889)	(7,044)	155	(7,105)	(7,289)	184	(7,105)	(7,473)	368
Loans to Infrastructure Ontario	410	410		466	466		600	600		612	612	
Other Net Loans/Investments												
Asset Optimization	(2,553)	725	(3,278)	-								
OEFC loans	1,330		1,330	550		550	-		-	-		-
OEFC loan repayment	(1,125)		(1,125)	(260)		(260)	(505)		(505)	(420)		(420)
Agency and other Ministry loans (FTD)	192	192		166	166		154	154		154	154	
Net Loans (CEFD)	267	267		144	144		(252)	(252)		(256)	(256)	
GA Smoothing	853	853		979	979		1,023	1,023		1,035	1,035	
Total Other Net Loans/Investments	(1,037)	2,036	(3,073)	1,578	1,288	290	421	926	(505)	514	934	(420)
Debt Maturities												
Debt Maturities - Existing												
Province	15,323	15,323		20,896	20,896		25,893	25,893		21,277	21,277	
OEFC - Fixed	2,119		2,119	712		712	1,384		1,384	1,361		1,361
Sub Total	17,443	15,323	2,119	21,608	20,896	712	27,278	25,893	1,384	22,638	21,277	1,361
Debt Maturities - Incremental Impact of Future Refinancing												
Province	-			-			-			605	605	
OEFC	-			-			-			-		
Sub Total	-	-	-	-	-	-	-	-	-	605	605	-
Total Debt Maturities	17,443	15,323	2,119	21,608	20,896	712	27,278	25,893	1,384	23,242	21,881	1,361
Debt Redemptions	50	50		80	80		80	80		80	80	
Total Funding Requirement	23,270	24,570	(1,300)	32,293	31,106	1,187	38,401	37,352	1,049	33,040	32,000	1,040
Canada Pension Plan Borrowing	-	-	-	(45)	(45)		(870)	(870)		(629)	(629)	
Total Decrease/(Increase) in Short-Term Borrowing		-	-	-	-	-	-	-	-	-	-	-
Total Increase/(Decrease) in Cash, Cash Equivalents and Temporary Investments	6,000	3,400	2,600	-	637	(637)	-	1,049	(1,049)	-	1,040	(1,040)
Preborrowing in 2016-17	(3,755)	(3,755)										
Preborrowing in 2017-18	8,063	8,063		(8,063)	(8,063)							
Preborrowing (perpetual)							-			-		
Estimated Long-Term Public Borrowing Requirement	33,578	32,278	1,300	24,184	23,635	550	37,531	37,531	0	32,410	32,410	(0)

Estimated Financing Tables - Input Sheet

Deficit/(Surplus)

Investment in Capital Assets*

Non-Cash Adjustments

Loans to Infrastructure Ontario

Other Net Loans/Investments

- **Asset Optimization**
- **OEFC loans**
- **OEFC loan repayment**
- **Agency and other Ministry loans (FTD)**
- **Net Loans (CEFD)**
- **GA Smoothing**

Total Other Net Loans/Investments

Debt Maturities

Debt Maturities - Existing

Province

OEFC - Fixed

Sub Total

Debt Maturities - Incremental Impact of Future Refinancing

Province

OEFC

Sub Total

Total Debt Maturities

Debt Redemptions

Total Funding Requirement

Canada Pension Plan Borrowing

Total Decrease/(Increase) in Short-Term Borrowing

Total Increase/(Decrease) in Cash, Cash Equivalents and Temporary Investments

Preborrowing in 2016-17

Preborrowing in 2017-18

Preborrowing (perpetual)

Estimated Long-Term Public Borrowing Requirement

***** School Board acquisitions are captured in Investment in Capital assets and the School Board Loan requirement is captured in Net Loans and Investments. To avoid double counting, Non Cash adjustments is decreased by the amount of the School Board acquisition.

2017-18			2018-19		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	1,055	(1,055)	-	(30)	30
13,129	13,129		15,450	15,450	
(6,724)	(7,433)	709	(6,889)	(7,044)	155
410	410		466	466	
(2,514)	637	(3,151)	-		
1,580		1,580	550		550
(1,125)		(1,125)	(260)		(260)
192	192		166	166	
283	283		144	144	
853	853		979	979	
(731)	1,965	(2,696)	1,578	1,288	290
15,323	15,323		20,896	20,896	
2,119		2,119	712		712
17,443	15,323	2,119	21,608	20,896	712
-			-		
-			-		
-	-	-	-	-	-
17,443	15,323	2,119	21,608	20,896	712
50	50		80	80	
23,575	24,507	(932)	32,293	31,106	1,187

	-	-	-	(45)	(45)	
		-	-	-	-	-
	6,000	3,518	2,482	-	637	(637)
	(3,755)	(3,755)				
	8,063	8,063		(8,063)	(8,063)	
	33,884	32,333	1,550	24,184	23,635	550
		33,884			24,184	

2019-20			2020-21		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	14	(14)	-	269	(269)
17,128	17,128		15,696	15,696	
(7,105)	(7,289)	184	(7,105)	(7,473)	368
600	600		612	612	
-		-	-		-
(505)		(505)	(420)		(420)
154	154		154	154	
(252)	(252)		(256)	(256)	
1,023	1,023		1,035	1,035	
421	926	(505)	514	934	(420)
25,893	25,893		21,277	21,277	
1,384		1,384	1,361		1,361
27,278	25,893	1,384	22,638	21,277	1,361
-			1,369	1,369	
-			-		
-	-	-	1,369	1,369	-
27,278	25,893	1,384	24,007	22,646	1,361
80	80		80	80	
38,401	37,352	1,049	33,804	32,764	1,040

	(870)	(870)		(629)	(629)	
	-	-	-	-	-	-
	-	1,049	(1,049)	-	1,040	(1,040)
	-			-		
	37,531	37,531	0	33,175	33,175	(0)
		37,531			33,175	

2021-22			2022-23		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	269	(269)	-	269	(269)
13,606	13,606		11,234	11,234	
(7,105)	(7,473)	368	(7,105)	(7,473)	368
612	612		612	612	
-		-	-		-
(420)		(420)			(420)
154	154		154	154	
(256)	(256)		(256)	(256)	
1,148	1,148		1,034	1,034	
626	1,046	(420)	513	933	(420)
21,350	21,350		22,669	22,669	
1,804		1,804	1,396		1,396
23,155	21,350	1,804	24,065	22,669	1,396
3,141	3,141		6,371	6,371	
-			-		
3,141	3,141	-	6,371	6,371	-
26,295	24,491	1,804	30,435	29,039	1,396
80	80		80	80	
34,115	32,632	1,483	35,769	34,694	1,075

	(504)	(504)		(38)	(38)	
	-	-		-	-	
	-			-		
	-			-		
	33,611	32,128	1,483	35,731	34,656	1,075
		33,611			35,731	

2023-24			2024-25		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	269	(269)	-	269	(269)
11,234	11,234		11,234	11,234	
(7,105)	(7,473)	368	(7,105)	(7,473)	368
612	612		612	612	
-		-	-		-
		(420)			(420)
154	154		154	154	
(256)	(256)		(256)	(256)	
825	825		590	590	
303	723	(420)	69	489	(420)
12,151	12,151		20,008	20,008	
2,827		2,827	1,550		1,550
14,978	12,151	2,827	21,558	20,008	1,550
9,302	9,302		11,097	11,097	
-			-		
9,302	9,302	-	11,097	11,097	-
24,280	21,453	2,827	32,656	31,106	1,550
80	80		80	80	
29,405	26,898	2,506	37,546	36,317	1,229

	(100)	(100)			(396)	(396)	
	-	-			-	-	
	-				-		
	-				-		
	29,305	26,798	2,506		37,150	35,921	1,229
		29,305				37,150	

2025-26		
Consolidated	Ontario	OEFC
-	269	(269)
11,234	11,234	
(7,105)	(7,473)	368
612	612	
-		-
		(420)
154	154	
(256)	(256)	
377	377	
(144)	276	(420)
14,955	14,955	
2,050		2,050
17,005	14,955	2,050
11,426	11,426	
-		
11,426	11,426	-
28,430	26,380	2,050
80	80	
33,107	31,378	1,729

	(575)	(575)	
	-	-	
	-		
	-		
	32,533	30,804	1,729
		32,533	

Estimated Financing Tables - Input Sheet

Deficit/(Surplus)

Investment in Capital Assets*

Non-Cash Adjustments

Loans to Infrastructure Ontario

Other Net Loans/Investments

- **Asset Optimization**
- **OEFC loans**
- **OEFC loan repayment**
- **Agency and other Ministry loans (FTD)**
- **Net Loans (CEFD)**
- **GA Smoothing**

Total Other Net Loans/Investments

Debt Maturities

Debt Maturities - Existing

Province

OEFC - Fixed

Sub Total

Debt Maturities - Incremental Impact of Future Refinancing

Province

OEFC

Sub Total

Total Debt Maturities

Debt Redemptions

Total Funding Requirement

Canada Pension Plan Borrowing

Total Decrease/(Increase) in Short-Term Borrowing

Total Increase/(Decrease) in Cash, Cash Equivalents and Temporary Investments

Preborrowing from 2015-16

Preborrowing in 2016-17

Preborrowing (perpetual)

Estimated Long-Term Public Borrowing Requirement

***** School Board acquisitions are captured in Investment in Capital assets and the School Board Loan requirement is captured in Net Loans and Investments. To avoid double counting, Non Cash adjustments is decreased by the amount of the School Board acquisition.

2017-18			2018-19		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	1,343	(1,343)	-	(24)	24
13,129	13,129		15,450	15,450	
(6,724)	(7,712)	988	(6,889)	(7,054)	165
410	410		466	466	
(2,514)	637	(3,151)	-		
1,580		1,580	550		550
(1,125)		(1,125)	(260)		(260)
192	192		166	166	
283	283		144	144	
853	853		979	979	
(731)	1,965	(2,696)	1,578	1,288	290
15,323	15,323		20,788	20,788	
2,119		2,119	717		717
17,443	15,323	2,119	21,505	20,788	717
-			-		
-			-		
-	-	-	-	-	-
17,443	15,323	2,119	21,505	20,788	717
50	50		80	80	
23,575	24,507	(932)	32,190	30,994	1,196

	-	-	-	(45)	(45)	
		-	-	-	-	-
	6,000	3,518	2,482	-	641	(641)
	(3,755)	(3,755)				
	-					
	25,821	24,270	1,550	32,144	31,589	555
		25,821			32,144	

2019-20			2020-21		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	55	(55)	-	263	(263)
17,128	17,128		15,696	15,696	
(7,105)	(7,331)	226	(7,105)	(7,468)	363
600	600		612	612	
-		-	-		-
(505)		(505)	(420)		(420)
154	154		154	154	
(252)	(252)		(256)	(256)	
1,023	1,023		1,035	1,035	
421	926	(505)	514	934	(420)
25,700	25,700		21,250	21,250	
1,384		1,384	1,361		1,361
27,084	25,700	1,384	22,611	21,250	1,361
-			1,369	1,369	
-			-		
-	-	-	1,369	1,369	-
27,084	25,700	1,384	23,980	22,619	1,361
80	80		80	80	
38,208	37,158	1,050	33,777	32,737	1,041

	(870)	(870)		(629)	(629)	
	-	-	-	-	-	-
	-	1,050	(1,050)	-	1,041	(1,041)
	-			-		
	37,338	37,338	0	33,148	33,148	(0)
		37,338			33,148	

2021-22			2022-23		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	263	(263)	-	263	(263)
13,606	13,606		11,234	11,234	
(7,105)	(7,468)	363	(7,105)	(7,468)	363
612	612		612	612	
-		-	-		-
(420)		(420)			(420)
154	154		154	154	
(256)	(256)		(256)	(256)	
1,148	1,148		1,034	1,034	
626	1,046	(420)	513	933	(420)
20,148	20,148		22,605	22,605	
1,804		1,804	1,396		1,396
21,953	20,148	1,804	24,000	22,605	1,396
3,141	3,141		6,371	6,371	
-			-		
3,141	3,141	-	6,371	6,371	-
25,093	23,289	1,804	30,371	28,975	1,396
80	80		80	80	
32,913	31,429	1,484	35,705	34,629	1,076

	(504)	(504)		(38)	(38)	
	-	-		-	-	
	-			-		
	-			-		
	32,409	30,925	1,484	35,667	34,591	1,076
		32,409			35,667	

2023-24			2024-25		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	263	(263)	-	263	(263)
11,234	11,234		11,234	11,234	
(7,105)	(7,468)	363	(7,105)	(7,468)	363
612	612		612	612	
-		-	-		-
		(420)			(420)
154	154		154	154	
(256)	(256)		(256)	(256)	
825	825		590	590	
303	723	(420)	69	489	(420)
12,151	12,151		19,927	19,927	
2,827		2,827	1,550		1,550
14,978	12,151	2,827	21,477	19,927	1,550
9,302	9,302		11,097	11,097	
-			-		
9,302	9,302	-	11,097	11,097	-
24,280	21,453	2,827	32,574	31,024	1,550
80	80		80	80	
29,405	26,897	2,507	37,464	36,234	1,230

	(100)	(100)			(396)	(396)	
	-	-			-	-	
	-				-		
	-				-		
	29,305	26,797	2,507		37,069	35,839	1,230
		29,305				37,069	

2025-26		
Consolidated	Ontario	OEFC
-	263	(263)
11,234	11,234	
(7,105)	(7,468)	363
612	612	
-		-
		(420)
154	154	
(256)	(256)	
377	377	
(144)	276	(420)
14,955	14,955	
2,050		2,050
17,005	14,955	2,050
11,426	11,426	
-		
11,426	11,426	-
28,430	26,380	2,050
80	80	
33,107	31,377	1,730

	(575)	(575)	
	-	-	
	-		
	-		
	32,533	30,803	1,730
		32,533	

Estimated Finar

Deficit/(S
Investme
Non-Cas
Loans to
HydroOn
Other Ne
Total Oth
Debt Mat
Total Del
Debt Red
Total Fur

Canada F

Total Dec

Total Inc

Preborro

Preborro

Estimat

*

ncing Tables - Input Sheet

	Consolidated
urplus)	1,524
nt in Capital Assets*	8,929
h Adjustments	(4,828)
Infrastructure Ontario	(27)
e Special Dividends	
t Loans/Investments	
Asset Optimization	(1,862)
OEFC loans	300
OEFC loan repayment	(320)
Agency and other Ministry loans (FTD)	929
Net Loans (CEFD)	(50)
GA Smoothing	
ner Net Loans/Investments	(1,003)
urities	
Debt Maturities - Existing	
Province	17,956
OEFC - Fixed	2,978
Sub Total	20,933
Debt Maturities - Incremental Impact of Future Refinancing	
Province	-
OEFC	-
Sub Total	-
bt Maturities	20,933
demptions	98
nding Requirement	25,626

Pension Plan Borrowing	(92)
crease/(Increase) in Short-Term Borrowing	-
rease/(Decrease) in Cash, Cash Equivalents and Temporary Investments	301
wing from 2015-16	(2,018)
wing in 2016-17	3,222
ed Long-Term Public Borrowing Requirement	27,039

School Board acquisitions are captured in Investment in Capital assets and the School Board Loan requirement is captured in Net Loans and Investments. To avoid double counting, Non Cash adjustments is decreased by the amount of the School Board acquisition.

2016-17		2017-18		
Ontario	OEFC	**Consolidated**	Ontario	OEFC
2,420	(896)	-	1,072	(1,072)
8,929		13,129	13,129	
(5,231)	403	(6,724)	(7,406)	682
(27)		410	410	
702	(2,564)	(2,587)	260	(2,847)
	300	1,550		1,550
	(320)	(1,125)		(1,125)
929		172	172	
(50)		135	135	
		1,101	1,101	
1,581	(2,584)	(754)	1,668	(2,422)
17,956		15,398	15,398	
	2,978	2,119		2,119
17,956	2,978	17,517	15,398	2,119
		-		
		-		
-	-	-	-	-
17,956	2,978	17,517	15,398	2,119
98		85	85	
25,726	(99)	23,663	24,356	(693)

(92)		-	-	
(976)	976		-	-
1,178	(877)	6,000	3,757	2,243
(2,018)				
3,222		(3,222)	(3,222)	
27,039	(0)	26,441	24,891	1,550
			26,441	
27,039.00				
0				

2018-19			2019-20	
Consolidated	Ontario	OEFC	**Consolidated**	Ontario
-	13	(13)	-	91
15,450	15,450		17,128	17,128
(6,889)	(7,054)	165	(7,105)	(7,331)
466	466		600	600
-		-		
550		550	-	
(260)		(260)	(505)	
166	166		154	154
(172)	(172)		(217)	(217)
1,103	1,103		1,164	1,164
1,386	1,096	290	595	1,100
21,070	21,070		26,024	26,024
712		712	1,384	
21,782	21,070	712	27,408	26,024
-			-	
-			-	
-	-	-	-	-
21,782	21,070	712	27,408	26,024
85	85		85	85
32,280	31,126	1,154	38,712	37,697

(45)	(45)		(870)	(870)
-	-	-	-	-
-	604	(604)	-	1,014
32,235	31,685	550	37,842	37,841
	32,235			37,842

	2020-21			
OEFC	**Consolidated**	Ontario	OEFC	**Consolidated**
(91)	-	299	(299)	-
	15,696	15,696		13,606
226	(7,105)	(7,468)	363	(7,105)
	612	612		612
-			-	
-	-		-	-
(505)	(420)		(420)	(420)
	143	143		143
	(221)	(221)		(221)
	1,307	1,307		1,148
(505)	809	1,229	(420)	650
	20,408	20,408		17,495
1,384	1,361		1,361	1,804
1,384	21,768	20,408	1,361	19,300
	2,471	2,471		3,453
	-			-
-	2,471	2,471	-	3,453
1,384	24,240	22,879	1,361	22,752
	85	85		85
1,014	34,338	33,333	1,005	30,601

	(629)	(629)		(504)
-	-	-	-	-
(1,014)	-	1,005	(1,005)	-
0	33,708	33,708	(0)	30,097
		33,708		

2021-22		2022-23		
Ontario	OEFC	**Consolidated**	Ontario	OEFC
299	(299)	-	299	(299)
13,606		11,234	11,234	
(7,468)	363	(7,105)	(7,468)	363
612		612	612	
	-			-
	-	-		-
	(420)			(420)
143		143	143	
(221)		(221)	(221)	
1,148		1,034	1,034	
1,070	(420)	536	956	(420)
17,495		15,944	15,944	
	1,804	1,396		1,396
17,495	1,804	17,340	15,944	1,396
3,453		8,382	8,382	
		-		
3,453	-	8,382	8,382	-
20,948	1,804	25,721	24,325	1,396
85		85	85	
29,152	1,448	31,083	30,044	1,040

	(504)			(38)	(38)
	-	-		-	-
				-	
	28,648	1,448		31,045	30,006	1,040
	30,097				31,045	

2023-24			2024-25	
Consolidated	Ontario	OEFC	**Consolidated**	Ontario
-	299	(299)	-	299
11,234	11,234		11,234	11,234
(7,105)	(7,468)	363	(7,105)	(7,468)
612	612		612	612
-	-	- - (420)	-	
143	143		143	143
(221)	(221)		(221)	(221)
825	825		590	590
327	747	(420)	92	512
12,151	12,151		17,968	17,968
2,827		2,827	1,550	
14,978	12,151	2,827	19,518	17,968
9,053	9,053		11,116	11,116
-			-	
9,053	9,053	-	11,116	11,116
24,031	21,204	2,827	30,634	29,084
85	85		85	85
29,184	26,713	2,471	35,553	34,359

(100)	(100)		(396)	(396)
-	-	-	-	-
-			-	
29,084	26,613	2,471	35,157	33,963
	29,084			35,157

	2025-26		
OEFC	**Consolidated**	Ontario	OEFC
(299)	-	299	(299)
	11,234	11,234	
363	(7,105)	(7,468)	363
	612	612	
-			-
-	-		-
(420)			(420)
	143	143	
	(221)	(221)	
	377	377	
(420)	(121)	299	(420)
	14,955	14,955	
1,550	2,050		2,050
1,550	17,005	14,955	2,050
	10,690	10,690	
	-		
-	10,690	10,690	-
1,550	27,695	25,645	2,050
	85	85	
1,194	32,401	30,707	1,694

	(575)	(575)	
-	-	-	-
	-		
1,194	31,826	30,132	1,694
		31,826	

Estimated Financing Tables - Input Sheet

Deficit/(Surplus)

Investment in Capital Assets*

Non-Cash Adjustments

Loans to Infrastructure Ontario

HydroOne Special Dividends

Other Net Loans/Investments

- **Asset Optimization**
- **OEFC loans**
- **Agency and other Ministry loans (FTD)**
- **Net Loans (CEFD)**

Total Other Net Loans/Investments

Debt Maturities

Debt Maturities - Existing
Province
OEFC - Fixed
Sub Total

Debt Maturities - Incremental Impact of Future Refinancing
Province
OEFC
Sub Total

Total Debt Maturities

Debt Redemptions

Total Funding Requirement

Canada Pension Plan Borrowing

Total Decrease/(Increase) in Short-Term Borrowing

Total Increase/(Decrease) in Cash, Cash Equivalents and Temporary Investments

Preborrowing from 2015-16

Preborrowing in 2016-17

Estimated Long-Term Public Borrowing Requirement

***** School Board acquisitions are captured in Investment in Capital assets and the School Board Loan requirement is captured in Net Loans and Investments. To avoid double counting, Non Cash adjustments is decreased by the amount of the School Board acquisition.

2016-17			2017-18		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
1,920	2,844	(924)	(17)	1,251	(1,268)
11,717	11,717		12,418	12,418	
(5,204)	(5,761)	557	(6,127)	(6,988)	861
(15)	(15)		259	259	
(1,760)	806	(2,566)	(1,483)	(130)	(1,353)
(120)		(120)	-		-
791	791		613	613	
156	156		61	61	
(933)	1,753	(2,686)	(809)	544	(1,353)
17,956	17,956		15,398	15,398	
2,978		2,978	2,119		2,119
20,933	17,956	2,978	17,517	15,398	2,119
-			-		
-			-		
-	-	-	-	-	-
20,933	17,956	2,978	17,517	15,398	2,119
35	35		50	50	
28,454	28,529	(75)	23,292	22,933	359
(92)	(92)		-	-	

-	(976)	976		-	-
(2,523)	(1,622)	(901)	-	359	(359)
(2,018)	(2,018)				
800	800		(800)	(800)	
24,621	24,622	(0)	22,492	22,492	0
				22,492	

2018-19			2019-20		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
(13)	65	(78)	-	78	(78)
14,152	14,152		14,621	14,621	
(6,303)	(6,491)	188	(6,303)	(6,449)	146
66	66		398	398	
(1,385)		(1,385)			-
(260)		(260)	(505)		(505)
582	582		544	544	
(184)	(184)		(214)	(214)	
(1,248)	397	(1,645)	(175)	330	(505)
21,070	21,070		26,024	26,024	
712		712	1,384		1,384
21,782	21,070	712	27,408	26,024	1,384
-			519	519	
-			-		
-	-	-	519	519	-
21,782	21,070	712	27,927	26,543	1,384
50	50		50	50	
28,486	29,309	(823)	36,518	35,571	947
(45)	(45)		(870)	(870)	

	-	-	-	-	-	-
	-	(818)	818	-	947	(947)
	28,441	28,446	(5)	35,649	35,648	0
		28,441			35,649	

2020-21			2021-22		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	258	(258)	-	258	(258)
14,621	14,621		14,621	14,621	
(6,303)	(6,612)	309	(6,303)	(6,612)	309
314	314		314	314	
		-			-
(420)		(420)	(420)		(420)
501	501		501	501	
(217)	(217)		(217)	(217)	
(136)	284	(420)	(136)	284	(420)
20,445	20,445		14,212	14,212	
1,361		1,361	1,804		1,804
21,806	20,445	1,361	16,016	14,212	1,804
2,124	2,124		3,834	3,834	
-			-		
2,124	2,124	-	3,834	3,834	-
23,930	22,569	1,361	19,850	18,046	1,804
35	35		35	35	
32,460	31,468	992	28,381	26,946	1,435
(629)	(629)		(504)	(504)	

-	-	-	-	-	-
-	992	(992)	-		
31,831	31,831	(0)	27,877	26,442	1,435
	31,831			27,877	

2022-23			2023-24		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	258	(258)	-	258	(258)
14,621	14,621		14,621	14,621	
(6,303)	(6,612)	309	(6,303)	(6,612)	309
314	314		314	314	
		-			-
(420)		(420)	(420)		(420)
501	501		501	501	
(217)	(217)		(217)	(217)	
(136)	284	(420)	(136)	284	(420)
15,944	15,944		12,151	12,151	
1,396		1,396	2,827		2,827
17,340	15,944	1,396	14,978	12,151	2,827
7,520	7,520		8,900	8,900	
-			-		
7,520	7,520	-	8,900	8,900	-
24,859	23,464	1,396	23,878	21,051	2,827
35	35		35	35	
33,390	32,363	1,027	32,409	29,950	2,458
(38)	(38)		(100)	(100)	

-	-	-	-	-	-
-			-		
33,352	32,325	1,027	32,309	29,850	2,458
	33,352			32,309	

2024-25			2025-26		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	258	(258)	-	258	(258)
14,621	14,621		14,621	14,621	
(6,303)	(6,612)	309	(6,303)	(6,612)	309
314	314		314	314	
		-			-
(420)		(420)	(420)		(420)
501	501		501	501	
(217)	(217)		(217)	(217)	
(136)	284	(420)	(136)	284	(420)
18,052	18,052		14,955	14,955	
1,550		1,550	2,050		2,050
19,602	18,052	1,550	17,005	14,955	2,050
10,539	10,539		10,893	10,893	
-			-		
10,539	10,539	-	10,893	10,893	-
30,142	28,592	1,550	27,898	25,848	2,050
35	35		35	35	
38,672	37,491	1,181	36,428	34,747	1,681
(396)	(396)		(575)	(575)	

	-	-	-		-	-	-
	-				-		
	38,277	37,096	1,181		35,854	34,173	1,681
		38,277				35,854	

Estimated Financing Tables - Input Sheet

Deficit/(Surplus)

Investment in Capital Assets*

Non-Cash Adjustments

Loans to Infrastructure Ontario

HydroOne Special Dividends

Other Net Loans/Investments

- **Asset Optimization**
- **OEFC loans**
- **Agency and other Ministry loans (FTD)**
- **Net Loans (CEFD)**

Total Other Net Loans/Investments

Debt Maturities

Debt Maturities - Existing
Province
OEFC - Fixed
Sub Total

Debt Maturities - Incremental Impact of Future Refinancing
Province
OEFC
Sub Total

Total Debt Maturities

Debt Redemptions

Total Funding Requirement

Canada Pension Plan Borrowing

Total Decrease/(Increase) in Short-Term Borrowing

Total Increase/(Decrease) in Cash, Cash Equivalents and Temporary Investments

Preborrowing in 2015-16

Preborrowing from 2014-15

Estimated Long-Term Public Borrowing Requirement

***** School Board acquisitions are captured in Investment in Capital assets and the School Board Loan requirement is captured in Net Loans and Investments. To avoid double counting, Non Cash adjustments is decreased by the amount of the School Board acquisition.

2016-17			2017-18		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
4,323	5,247	(924)	(17)	1,251	(1,268)
11,717	11,717		12,418	12,418	
(7,444)	(8,001)	557	(6,127)	(6,988)	861
(15)	(15)		259	259	
(1,760)	806	(2,566)	(1,483)	(130)	(1,353)
(120)		(120)	-		-
791	791		613	613	
156	156		61	61	
(933)	1,753	(2,686)	(809)	544	(1,353)
18,238	18,238		15,400	15,400	
2,978		2,978	2,119		2,119
21,216	18,238	2,978	17,519	15,400	2,119
-			-		
-			-		
-	-	-	-	-	-
21,216	18,238	2,978	17,519	15,400	2,119
35	35		50	50	
28,899	28,974	(75)	23,294	22,935	359
(92)	(92)		-	-	

-	(976)	976		-	-
(2,972)	(2,071)	(901)	-	359	(359)
(2,018)	(2,018)				
23,817	23,817	(0)	23,294	23,294	0
	23,817			23,294	
	(254.00)				

2018-19			2019-20		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
(13)	65	(78)	-	78	(78)
14,152	14,152		14,621	14,621	
(6,303)	(6,491)	188	(6,303)	(6,449)	146
66	66		398	398	
(1,385)		(1,385)			-
(260)		(260)	(505)		(505)
582	582		-	544	
(184)	(184)		(214)	(214)	
(1,248)	397	(1,645)	(175)	330	(505)
17,749	17,749		25,243	25,243	
714		714	1,384		1,384
18,463	17,749	714	26,627	25,243	1,384
3,613	3,613		1,250	1,250	
-			-		
3,613	3,613	-	1,250	1,250	-
22,076	21,362	714	27,877	26,493	1,384
50	50		50	50	
28,780	29,601	(821)	36,469	35,521	947
(45)	(45)		(870)	(870)	

	-	-	-	-	-	-
	-	(818)	818	-	947	(947)
	28,735	28,738	(3)	35,599	35,598	0
		28,735			35,599	

2020-21		
Consolidated	Ontario	OEFC
-	258	(258)
-	-	
(6,303)	(6,612)	309
314	314	
		-
(420)		(420)
-	501	
(217)	(217)	
(136)	284	(420)
20,448	20,448	
1,361		1,361
21,809	20,448	1,361
2,343	2,343	
-		
2,343	2,343	-
24,152	22,791	1,361
35	35	
18,062	17,070	992
(629)	(629)	

-	-	-
-	992	(992)
17,432	17,433	(0)
	17,432	

Estimated Financing Tables - Input Sheet

Deficit/(Surplus)

Investment in Capital Assets*

Non-Cash Adjustments

Loans to Infrastructure Ontario

HydroOne Special Dividends

Other Net Loans/Investments

- **Asset Optimization**
- **OEFC loans**
- **Agency and other Ministry loans (FTD)**
- **Net Loans (CEFD)**

Total Other Net Loans/Investments

Debt Maturities

Debt Maturities - Existing
Province
OEFC - Fixed
Sub Total

Debt Maturities - Incremental Impact of Future Refinancing
Province
OEFC
Sub Total

Total Debt Maturities

Debt Redemptions

Total Funding Requirement

Canada Pension Plan Borrowing

Total Decrease/(Increase) in Short-Term Borrowing

Total Increase/(Decrease) in Cash, Cash Equivalents and Temporary Investments

Preborrowing in 2015-16

Preborrowing from 2014-15

Estimated Long-Term Public Borrowing Requirement

***** School Board acquisitions are captured in Investment in Capital assets and the School Board Loan requirement is captured in Net Loans and Investments. To avoid double counting, Non Cash adjustments is decreased by the amount of the School Board acquisition.

2016-17			2017-18		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
4,306	5,045	(739)	(13)	1,286	(1,299)
11,156	11,156		12,418	12,418	
(5,804)	(6,274)	470	(6,127)	(7,019)	892
(28)	(28)		259	259	
(1,760)	(437)	(1,323)	(1,483)	(130)	(1,353)
(120)		(120)	-		-
640	640		613	613	
188	188		(218)	(218)	
(1,051)	392	(1,443)	(1,087)	266	(1,353)
18,238	18,238		15,348	15,348	
2,978		2,978	2,119		2,119
21,216	18,238	2,978	17,467	15,348	2,119
-			-		
-			-		
-	-	-	-	-	-
21,216	18,238	2,978	17,467	15,348	2,119
50	50		50	50	
29,845	28,580	1,266	22,967	22,607	359
(92)	(92)		-	-	

	(1,000)	(1,976)	976		-	-
	(2,318)	(76)	(2,242)	-	359	(359)
	(2,018)	(2,018)				
	24,417	24,417	(0)	22,967	22,966	0
		24,417			22,967	

2018-19			2019-20		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
(23)	66	(89)	-	40	(40)
14,152	14,152		14,621	14,621	
(6,303)	(6,502)	199	(6,303)	(6,411)	108
66	66		500	500	
(1,385)		(1,385)			-
(260)		(260)	(505)		(505)
582	582		-	544	
(220)	(220)		(219)	(219)	
(1,283)	362	(1,645)	(180)	325	(505)
20,916	20,916		22,888	22,888	
717		717	1,384		1,384
21,633	20,916	717	24,272	22,888	1,384
-	0		2,633	2,633	
-			-		
-	-	-	2,633	2,633	-
21,633	20,916	717	26,905	25,521	1,384
50	50		50	50	
28,291	29,109	(818)	35,594	34,646	947
(45)	(45)		(870)	(870)	

	-	-	-	-	-	-
	-	(818)	818	-	947	(947)
	28,246	28,246	(0)	34,724	34,723	0
		28,246			34,724	

2020-21		
Consolidated	Ontario	OEFC
-	228	(228)
13,054	13,054	
(6,303)	(6,582)	279
237	237	
		-
(420)		(420)
-	501	
(222)	(222)	
(141)	279	(420)
20,431	20,431	
1,361		1,361
21,791	20,431	1,361
2,320	2,320	
-		
2,320	2,320	-
24,111	22,750	1,361
50	50	
31,009	30,017	992
(629)	(629)	

-	-	-
-	992	(992)
30,380	30,380	(0)
	30,380	

Estimated Financing Tables - Input Sheet

Deficit/(Surplus)

Investment in Capital Assets*

Non-Cash Adjustments

Loans to Infrastructure Ontario

HydroOne Special Dividends

Other Net Loans/Investments

- **Asset Optimization**
- **OEFC loans**
- **Agency and other Ministry loans (FTD)**
- **Net Loans (CEFD)**

Total Other Net Loans/Investments

Debt Maturities

Debt Maturities - Existing
Province
OEFC - Fixed
Sub Total

Debt Maturities - Incremental Impact of Future Refinancing
Province
OEFC
Sub Total

Total Debt Maturities

Debt Redemptions

Total Funding Requirement

Canada Pension Plan Borrowing

Total Decrease/(Increase) in Short-Term Borrowing

Total Increase/(Decrease) in Cash, Cash Equivalents and Temporary Investments

Preborrowing in 2015-16

Preborrowing from 2014-15

Estimated Long-Term Public Borrowing Requirement

***** School Board acquisitions are captured in Investment in Capital assets and the School Board Loan requirement is captured in Net Loans and Investments. To avoid double counting, Non Cash adjustments is decreased by the amount of the School Board acquisition.

2015-16			2016-17	
Consolidated	Ontario	OEFC	**Consolidated**	Ontario
5,686	9,379	(3,693)	4,306	5,050
8,471	8,471		11,156	11,156
(3,147)	(3,547)	400	(5,804)	(6,317)
813	813		(28)	(28)
(800)		(800)		
(1,035)		(1,035)	(1,760)	(437)
75		75	(120)	
598	598		640	640
156	156		357	357
(206)	754	(960)	(883)	560
19,040	19,040		18,477	18,477
2,033		2,033	2,978	
21,072	19,040	2,033	21,455	18,477
-			-	
-			-	
-	-	-	-	-
21,072	19,040	2,033	21,455	18,477
34	34		50	50
31,923	34,943	(3,020)	30,252	28,949
(42)	(42)		(92)	(92)

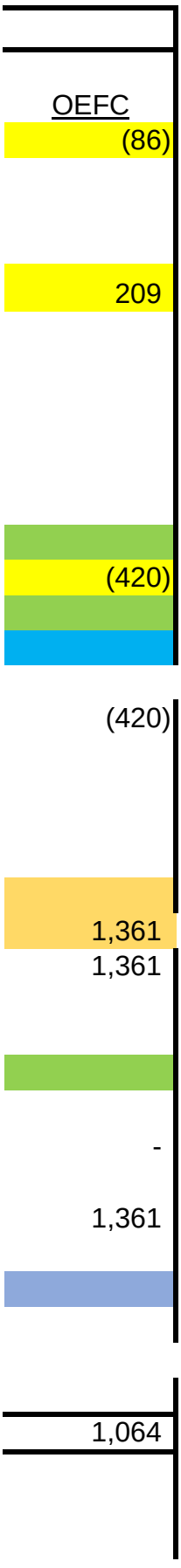
	-		-	(1,000)	(1,000)
	3,547	(546)	4,093	(2,718)	(1,415)
		-		-	-
	(5,334)	(5,334)			
	30,094	29,021	1,073	26,442.19	26,442.19
		30,094			26,442

	2017-18			2018-19	
OEFC	**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario
(744)	(13)	1,210	(1,223)	(23)	(43)
	12,418	12,418		14,152	14,152
513	(6,127)	(7,019)	892	(6,303)	(6,502)
	259	259		66	66
(1,323)	(1,483)	(130)	(1,353)	(1,385)	
(120)	-		-	(260)	
	613	613		582	582
	61	61		(184)	(184)
(1,443)	(809)	544	(1,353)	(1,248)	397
	15,400	15,400		17,749	17,749
2,978	2,119		2,119	714	
2,978	17,519	15,400	2,119	18,463	17,749
	-			3,613	3,613
	-			-	
-	-	-	-	3,613	3,613
2,978	17,519	15,400	2,119	22,076	21,362
	50	50		50	50
1,304	23,297	22,862	435	28,770	29,482
	-	-		(45)	(45)

-		-	-	-	-
(1,304)	-	435	(435)	-	(712)
0.00	23,297	23,297	0	28,725	28,725
		23,297			28,725

	2019-20			2020-21	
OEFC	**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario
20	-	(102)	102	-	86
	14,621	14,621		13,054	13,054
199	(6,303)	(6,411)	108	(6,303)	(6,512)
	500	500		237	237
(1,385)					
(260)	(505)		(505)	(420)	
	-	544		-	501
	(219)	(219)		(222)	(222)
(1,645)	(180)	325	(505)	(141)	279
	22,979	22,979		19,099	19,099
714	1,384		1,384	1,361	
714	24,364	22,979	1,384	20,460	19,099
	2,633	2,633		2,320	2,320
	-			-	
-	2,633	2,633	-	2,320	2,320
714	26,996	25,612	1,384	22,780	21,419
	50	50		50	50
(712)	35,685	34,595	1,089	29,678	28,614
	(870)	(870)		(629)	(629)

-	-	-	-	-	-
712	(1,089)		(1,089)	(1,064)	
0	33,726	33,726	0	27,985	27,985
		33,726			27,985


OEFC
(86)
209
(420)
(420)
1,361
1,361
-
1,361
1,064

-
(1,064)
(0)

Estimated Financing Tables - Input Sheet

Deficit/(Surplus)

Investment in Capital Assets*

Non-Cash Adjustments

Loans to Infrastructure Ontario

Other Net Loans/Investments

- **Asset Optimization**
- **OEFC loans**
- **Agency and other Ministry loans (FTD)**
- **Net Loans (CEFD)**

HydroOne Special Dividends

Total Other Net Loans/Investments

Debt Maturities

Debt Maturities - Existing

Province

OEFC - Fixed

Sub Total

Debt Maturities - Incremental Impact of Future Refinancing

Province

OEFC

Sub Total

Total Debt Maturities

Debt Redemptions

Total Funding Requirement

Canada Pension Plan Borrowing

Total Decrease/(Increase) in Short-Term Borrowing

Total Increase/(Decrease) in Cash, Cash Equivalents and Temporary Inves
Preborrowing from 2013-14
Preborrowing in 2014-15
Estimated Long-Term Public Borrowing Requirement

***** **School Board acquisitions are captured in Investment in Capital assets and the S**

2015-16			2016-17		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
7,524	8,688	(1,164)	4,517	5,904	(1,387)
9,079	9,079		11,281	11,281	
(3,130)	(3,836)	706	(5,514)	(6,628)	1,114
1,089	1,089		487	487	
(1,036)	(1,036)				
100		100	(120)		(120)
245	245		189	189	
425	425		271	271	
(800)	(800)				
(266)	(366)	100	340	460	(120)
19,040	19,040		18,471	18,471	
2,033		2,033	2,978		2,978
21,072	19,040	2,033	21,448	18,471	2,978
-			-		
-			-		
-	-	-	-	0	-
21,072	19,040	2,033	21,448	18,471	2,978
100	100		100	100	
34,670	32,995	1,675	32,659	30,074	2,585
(42)	(42)		(92)	(92)	
-		-	(1,700)	(1,700)	-

800	800	-	(800)	(800)	-
(5,334)	(5,334)				
30,094	28,419	1,675	30,067	27,482	2,585
	30,094			30,067	

School Board Loan requirement is captured in Net Loans and Investments. To avoid double counting, N

27,473
2,621

2017-18			2018-19		
Consolidated	Ontario	OEFC	**Consolidated**	Ontario	OEFC
-	1,466	(1,466)	-	39	(39)
11,841	11,841		10,545	10,545	
(5,621)	(6,746)	1,125	(5,621)	(5,841)	220
430	430		521	521	
-		-	(260)		(260)
189	189		-	-	
(97)	(97)		(7)	(7)	
92	92	-	(267)	(7)	(260)
15,393	15,393		16,906	16,906	
2,119		2,119	717		717
17,512	15,393	2,119	17,623	16,906	717
-	-		1,989	1,989	
-			-		
-	0	-	1,989	1,989	-
17,512	15,393	2,119	19,612	18,895	717
100	100		100	100	
24,354	22,576	1,778	24,890	24,252	638
-	-		(45)	(45)	
	-	-	-	-	-

	-		-		-	-
	24,354	22,576	1,778	24,845	24,207	638
		24,354			24,845	

Non Cash adjustments is decreased by the amount of the School Board acquisition.

2019-20			2020-21		
Consolidated	Ontario	OEFC	**nsolidat**	Ontario	OEFC
-	10	(10)	**0**	**0**	
9,344	9,344		7263.81	7263.81	
(5,621)	(5,830)	209	**-5621**	**-5830**	**209**
392	392		392.0166	392.0166	
(505)		(505)	-505		-505
-	-		0	0	
(14)	(14)		-14	-14	
(519)	(14)	(505)	**-519**	**-14**	**-505**
22,895	22,895		19053.79	19053.79	
1,384		1,384	1360.885		1360.885
24,280	22,895	1,384	20,415	19,054	1,361
2,904	2,904		0	0	
-			0		
2,904	2,904	-	0	0	0
27,184	25,799	1,384	20414.67	19053.79	1360.885
100	100		**100**	**100**	
30,880	29,801	1,078	22030.5	20965.61	1064.885
(870)	(870)		0	0	
-	-	-	**0**	**0**	**0**

	-		-	**0**		**0**
	30,010	28,931	1,078	**22030.5**	**20965.61**	**1064.885**
		30,010			**22030.5**	

FES

	Current	Plan	
	2016-17	2017-18	2018-19
Revenue	132,720.00	140,125.00	144,899.00
Expense			
Operating			
Capital			
Total Program Expense	125,267.79	127,708.41	131,685.99
Interest on Debt	11,375.00	11,700.00	12,400.00
Total Expense	136,642.79	139,408.41	144,085.99
Surplus/(Deficit) Before Reserve	(3,922.79)	716.59	813.01
Reserve	400.00	700.00	800.00
Surplus/(Deficit)	(4,322.79)	16.59	13.01

Q3

$ Millions	Adjusted 2015-16 Actual*	Current Outlook 2016-17**
Surplus/(Deficit)	(3,515)	(1,920)

($ Millions)	Actual 2015-16	Interim 2016-17	Plan 2017-18	2018-19
Revenue	128377	133228	141658	144915
Expense				
Operating				
Capital				
Total Program Expense	120924.576	123502.367	129376.666	132080.2
Interest on Debt	10966.7991	11250	11581.3338	12034.81
Total Expense	131891.375	134752.367	140958	144115
Surplus/(Deficit) Before Reserve	-3514.375	-1524.367	700	800
Reserve	0	0	700	800
Surplus/(Deficit)	-3514.375	-1524.367	0	0

As of Monday March 27 2017 4:00PM

2016-17 In-Year Fiscal Performance

$ Millions	2016 Budge	16-17 E	nteri	to Interim Change
	B	I		J= I-B
Revenue				
Taxation Re	91819	94979		3160
Governmer	24644	24386		-258
Governmer	5027	5297		270
Other Non-	9099	8473		-626
Total Rever	130589	133135		2546
Expense				
Health Sect	51785.22	52261.12		475.903
Education S	25635.76	25740.84		105.0854
Postsecon	7876.805	7802.304		-74.5011
Children's	15813.62	16102.23		288.6042
Justice Sect	4517.274	4630.675		113.401
Other Prog	16110.76	16523.01		412.2546

2019-20
149344
135720.8
12623.18
148344
1000
1000
0

GA Financing Model
By changing the inputs, one can model different scenarios for the GA Debt financing.

Total Principal ($M)	20332.32	Please only change the yellow cells.
Peak Debt ($M)	26336.62	
Accumulated Interest ($M)	18129.4	
Max Payment ($M)	2241.551	
Interest Type	Annualize	Please Select
Final Payment made in Year	2044	
Maximum Payment ($M)	-2241.55	
Payment Periods	12	
Share of debt & interest	0.44	Can Change Share here

| | | |

Draft 2017 Capital Related Borrowing ($M) Apr 7-2017	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	8,928.7	13,128.8	15,449.6	17,127.5	15,696.2	13,606.1	11,233.9
Timing differences between accrued acquisitions and cash payments reported by BPS sectors:							
Health							
Add: Timing differences - Traditional projects	(55.3)	(2.3)	(2.3)	3.6	(0.2)	1.0	2.5
Less: Provincially Accrued AFP Acquisitions	(1,051.3)	(1,251.3)	(1,336.8)	(1,447.2)	(1,580.4)	(1,476.0)	(1,386.6)
Add: AFP cash payments	747.5	1,155.3	1,665.2	1,125.8	1,285.0	1,567.6	1,275.4
Other timing differences (one-time non-cash asset transfer from Cancer Care Ontario NBV to hospitals)							
Colleges							
Timing differences - Traditional projects		-	-				
Less: Provincially Accrued AFP Acquisitions	(15.1)	(4.8)	(51.4)	-	-	-	-
Add: AFP cash payments	65.8	23.2	29.0	-	-	-	-
Other timing difference (non-cash asset transfer relates to the total gain recognize	(12.3)	-	-	-	-	-	-
School Boards*							
Less: amounts reported as TCA additions not requiring Provincial borrowing	(1,297.8)	(1,420.5)	(1,358.7)	(1,301.4)	(1,178.5)	(1,050.1)	(926.0)
Add: amounts requiring Provincial borrowing	1,205.6	1,556.9	1,395.3	1,390.3	1,265.5	1,145.8	966.8
Total BPS Timing Differences	(412.9)	56.5	340.4	(228.9)	(208.7)	188.3	(67.8)
Adjustments relating to accrued AFP liabilities and AFP payments:							
Less: Accrued AFP acquisitions - Justice	(14.3)	(64.8)	(178.6)	(339.0)	(314.6)	(61.9)	(4.3)
Less: Accrued AFP acquisitions - Transportation	(1,398.7)	(2,169.4)	(2,356.4)	(3,236.4)	(2,045.2)	(1,211.2)	(724.7)
Less: Accrued AFP acquisitions - MGCS		-	-	-	-	-	-
Add: Cash requirements for AFPs - Justice	29.1	33.6	38.5	68.0	303.0	249.9	156.0
Add: Cash requirements for AFPs - Transportation	1,753.5	1,899.2	1,448.5	3,203.1	886.2	1,539.9	1,954.5
Add: Cash requirements for AFP - Guelph Data Centre	3.6	3.8	4.0	4.3	4.5	4.7	5.0
Total AFP Timing Adjustments	373.2	(297.5)	(1,043.9)	(300.0)	(1,166.1)	521.5	1,386.5
Sub-total: Timing Adjustments	(39.7)	(240.9)	(703.5)	(528.9)	(1,374.8)	709.8	1,318.7
PROVINCIAL CASH EXPENDITURES	8,889.0	12,887.9	14,746.1	16,598.6	14,321.4	14,315.9	12,552.6
Total Provincial Amorization	4,681.3	4,979.0	5,314.9	5,639.2	6,094.8	6,764.5	7,339.3
NET BORROWING FOR CAPITAL	4,207.7	7,908.9	9,431.1	10,959.4	8,226.7	7,551.4	5,213.3
Approximate Interest Cap Impact (To Be Updated after Stage 2 Approvals)		0.4	1.6	3.4	5.7	10.9	

IPOD Financing Table Report ($Millions)

Client:
Cut-off Date:
Scenario ID:
Name:
Comments:
Scenario Date:
Hypo OSB Scenario:

IPOD Financing Table Report ($Millions)

		2017-18	2018-19	2019-20
Consolidated (Surplus)/Deficit	-	-	-	
OEFC Surplus (Deficit)		1,495.00	13	91
Provincial Operating (Surplus)/Deficit	-	-	-	
PDI	-	-	-	
Provincial (Surplus)/Deficit		1,495.00	13	91
Non-Cash Adjustments		-7,229.00	-7,054.00	-7,331.00
Investment in Capital Assets		13,128.80	15,449.60	17,127.50
Other Uses of Funds	-	-	-	
New Loans to "Other Government Organizations"	-	-	-	
(Other Sources of Funds)(e.g. repayments of existing Loans & Invest.)	-	-	-	
(Other Sources of Funds)(e.g. repayments. of New Loans & Invest.)	-	-	-	
Net Loans/Investments		2,753.00	1,567.00	1,655.70
Inc./(Dec.) in Liquid Reserves		4,211.00	604	1,014.00
Dec./(Inc.) in ST Borrowing	-	-	-	
(Decrease)/Increase in short-term loans	-	-	-	
Total Debt Maturities from existing and current debt		15,323.20	20,872.40	26,010.30
Pre-Borrowing Requirement for Future Years	-	-	-	
Pre-Borrowing Requirement Funded in Previous years	-	-	-	
CPP Rollovers		0	-45.3	-869.9
OSB Redemptions		50	85	85
OSB Maturities	-	-	-	
OSB Sales		-56	-85	-85
Callables	-	-	-	
Full-Yr LT Public Borrowing Requirements before Hypo Maturities (>=0)		29,676.00	31,406.80	37,697.60
Maturities from Future (Hypo) Borrowing	-	-	-	

Total Funding Requirement		25,521.00	30,933.00	37,638.40
Full-Yr LT Public Borrowing Requirements (>=0)(IPOD)		29,676.00	31,406.80	37,697.60
Full-Yr LT Public Borrowing Requirements (>=0)(FT)		29,732.00	31,491.80	37,782.60
Full-Yr LT Borrowing Requirements (>=0)(PDI Inputs)		29,732.00	31,537.00	38,652.40
(YTD LT Borrowing incl. YTD Pre-Borrowing)		15,987.20	-	-
Remaining LT Public Borrowing (>=0)		13,688.80	31,406.80	37,697.60
YTD Dec./(Inc.) in Liq. Res.	-	-	-	
Planned Dec./(Inc) in Liq. Res.		4,211.00	604	1,014.00
YTD Dec./(Inc.) in ST Borrowing		1,176.20	-	-
Remaining Dec./(Inc.) in ST Borrowing		-1,176.20	-	-
Exposure as of previous fiscal yearend	-	-	-	
Exposure as of cut-of-date	-	-	-	
Planned Full-Year Change in Exposure	-	-	-	
Remaining Change in Exposure	-	-	-	
YTD New Loans to agencies	-	-	-	
Remaining New Loans to agencies	-	-	-	
YTD New Loans to "Other Government Organizations	-	-	-	
Remaining New Loans to "Other Government Organizations"	-	-	-	

2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	
-	-	-	-	-	-	
299	299	299	299	299	299	
-	-	-	-	-	-	
-	-	-	-	-	-	
299	299	299	299	299	299	
-7,468.00	-7,468.00	-7,468.00	-7,468.00	-7,468.00	-7,468.00	
15,696.20	13,606.10	11,233.90	11,233.90	11,233.90	11,233.90	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,807.40	1,647.90	1,534.20	1,325.10	1,090.70	877.5	
1,005.00	-	-	-	-		
-	-	-	-	-	-	
-	-	-	-	-	-	
21,269.20	20,411.30	20,117.40	12,150.50	20,025.40	14,954.60	
-	-	-	-	-	-	
-	-	-	-	-	-	
-629.2	-504	-38.1	-100	-395.5	-574.6	
85	85	85	85	85	85	
-	-	-	-	-	-	
-85	-85	-85	-85	-85	-85	
-	-	-	-	-	-	
31,979.60	27,992.40	25,678.30	17,440.50	24,785.50	19,322.30	
604.50	2,588.50	4,895.30	8,152.80	10,632.60	11,009.10	10794

	33,057.70	31,722.00	32,172.10	26,927.60	36,363.20	31,407.50
	33,348.40	31,133.00	32,049.00	26,742.60	35,882.70	30,747.90
	33,433.40	31,218.00	32,134.00	26,827.60	35,967.70	30,832.90
	32,693.80	28,581.30	25,801.50	17,625.50	25,266.00	19,982.00
-	-	-	-	-	-	
	33,348.40	31,133.00	32,049.00	26,742.60	35,882.70	30,747.90
-	-	-	-	-	-	
	1,005.00	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	

13985	18,845.10	24,656.90

From:	Talwar, Shruti (ENERGY)
To:	John Kim; Gavin He; Kenneth Russell
Cc:	Sud, Manu (ENERGY); Graham Young (MOI); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Pratima Gounden (ENERGY)
Subject:	Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date:	Wednesday, November 22, 2017 6:27:53 PM
Attachments:	Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_clean.docx Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_OPG.docx
Importance:	High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

MASTER SHARE SUBSCRIPTION AGREEMENT

between

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

Dated as of November 22**, 2017**

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of November 22, 2017.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Province**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Financing Entity").

3. The Financing Entity will acquire the Assets periodically from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Province has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG will amend its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Province will subscribe for Class A Shares periodically in accordance with the process set forth in this Agreement and OPG will, in turn, invest these amounts in debt of the Financing Entity.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Financing Entity debt or other purposes as may be approved by the OPG board of directors.

7. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Province commits to fund up to 44% of the total financing required by the Financing Entity, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the funds from the equity received from the Province solely to lend to the Financing Entity to fund the Financing Entity's obligations under the Master Transfer and Servicing Agreement between the IESO and the Financing Entity, and the Act and Regulations.

2. Share Subscription Process

2.1 The Province will subscribe for and purchase Class A Shares from OPG, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Periodically, coincident with the asset acquisitions to be made by the Financing Entity from the IESO under the Master Transfer and Servicing Agreement, OPG will provide notice to the Province of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Province. This notice will be substantially in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, substantially in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees that:

(i) the amount of each equity injection/share subscription will reflect the funding requirements of the Financing Entity acquisitions under the Master Transfer and Servicing Agreement; and

(ii) the Class A Shares will be issued to the Province at a per share price equal to the value of Shareholder's Equity, as determined by the last approved quarterly financial statements of OPG, divided by the aggregate number of issued and outstanding Common Shares and Class A Shares.

2.4 Within five Business Days of receipt of the notice and supporting information described in paragraph 2.2, the Province will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Province, substantially in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Province.

2.6 The first equity injection/share subscription is expected to occur in the fourth quarter of 2017. Equity injections will continue periodically so long as the Financing Entity is purchasing assets and incurring debt obligations, including debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Province in accordance with the Memorandum of Agreement between the Province and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For

clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation.

3.3 The Province confirms that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Province as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Province will seek appropriations for the upcoming 3 year period to support the equity injections.

4. Share Redemption Process

4.1 The Province and OPG will agree to the required process for any future redemption by OPG of outstanding Class A Shares before the first share redemption, and in any case no later than 90 Business Days before the effective date of such redemption.

5. Miscellaneous

5.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

Minister of Energy
c/o 6th Floor, 77 Grenville Street
Toronto, ON
M5S 1B3
Attention: Shruti.Talwar
Email: shruti.talwar@ontario.ca

in the case of OPG:

Ontario Power Generation Inc.
Treasury
700 University Avenue
Toronto, Ontario
M5G 1X6
Attention: Vice President, Treasurer
Email: john.s.lee@opg.com

and

Attention: Corporate Secretary
Email: catriona.king@opg.com

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

5.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

5.3 Governing Law

This Agreement will be construed in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

Exhibit A

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for **[·]** Class A Shares of the Corporation at the price of $**[·]** per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: _____, 2017

[NTD: "Distribution Date" will be 5 days following the date the Corporation issues the draft subscription form to the Province]

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

See attached.

Exhibit B

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

_____

[insert applicable timeframe/ dates/period] ("Period")

(A)	Purchase Price per Transfer Notice attached:	_____
(B)	Percentage Funded by Equity:	_____
(C)	Total Equity injection required for Period (A x B):	_____
(D)	Class A Share Price pursuant to OPG Financial Statements of [date/period]:	_____
(E)	Number of Class A Shares to be issued to Province (C ÷ D):	_____

Exhibit C

FORM OF RECEIPT AND OFFICER'S CERTIFICATE

See attached.

RECEIPT

TO: Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy (the "**Province**")

Ontario Power Generation Inc. ("**OPG**") hereby acknowledges receipt from the Province of $[•] pursuant to the Class A share subscription agreement between OPG and the Province made as of [•], 20•.

DATED •, 20•.

Per: _____

John Lee
Vice President – Treasurer

CERTIFICATE

of

Ontario Power Generation Inc. ("OPG")

TO: **Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy**

RE: **Class A Share Equity Subscription Agreement dated [•]**

I, John Lee, the Vice President – Treasurer of OPG, certify, without personal liability, that:

1. This certificate is furnished to you in connection with the Class A Share Equity Subscription Agreement dated [•] (the "**Equity Subscription Agreement**") and may be relied on by the addressees above. We have reviewed such books and records of OPG and such other documents and have made such inquiries and investigations as we have considered necessary or appropriate to verify the matters addressed in this certificate. All capitalized terms used but not defined in this certificate have the meanings set out in the Equity Subscription Agreement.

2. Attached hereto as Appendix 1 is a true and complete copy of the Shareholder Register of OPG dated [•] (the "**Shareholder Register**"). The Shareholder Register has not been further amended or supplemented and no resolutions have been passed by the board of directors or the shareholders of OPG to effect any such further amendment or supplement.

* * * * *

DATED: as of the [•] day of [•], 20•.

_____

John Lee
Vice President – Treasurer

APPENDIX 1 – Shareholder Register

See attached.

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

MASTER SHARE SUBSCRIPTION AGREEMENT

between

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

Dated as of ■November 22**, 2017**

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ~~October~~ November 22, 2017.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Province**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Financing Entity").

3. The Financing Entity will acquire the Assets periodically from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Province has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG will amend its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Province will subscribe for Class A Shares periodically in accordance with the process set forth in this Agreement and OPG will, in turn, invest these amounts in debt of the Financing Entity.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Financing Entity debt or other purposes as may be approved by the OPG board of directors.

7. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Province commits to fund up to 44% of the total financing required by the Financing Entity, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the funds from the equity received from the ~~Minister~~Province solely to lend to the Financing Entity to fund the Financing Entity's obligations under the Master Transfer and Servicing Agreement between the IESO and the Financing Entity, and the Act and Regulations.

2. Share Subscription Process

2.1 The Province will subscribe for and purchase Class A Shares from OPG, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Periodically, coincident with the asset acquisitions to be made by the Financing Entity from the IESO under the Master Transfer and Servicing Agreement, OPG will provide notice to the Province of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Province. This notice will be substantially in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, substantially in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees that:

(i) the amount of each equity injection/share subscription will reflect the funding requirements of the Financing Entity acquisitions under the Master Transfer and Servicing Agreement; and

(ii) the Class A Shares will be issued to the ~~Minister~~Province at a per share price equal to the value of Shareholder's Equity, as determined by the last approved quarterly financial statements of OPG, divided by the aggregate number of issued and outstanding Common Shares and Class A Shares.

2.4 Within five Business Days of receipt of the notice and supporting information described in paragraph 2.2, the Province will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Province, substantially in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Province.

2.6 The first equity injection/share subscription is expected to occur in the fourth quarter of 2017. Equity injections will continue periodically so long as the Financing Entity is purchasing assets and incurring debt obligations, including debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Province ~~Shareholder~~ in accordance with the Memorandum of Agreement between the ~~Minister~~Province and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from

time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation.

3.3 The Province confirms that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Province ~~Shareholder~~ as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Province will seek appropriations for the upcoming 3 year period to support the equity injections.

4. Share Redemption Process

4.1 The Province and OPG will agree to the required process for any future redemption by OPG of outstanding Class A Shares before the first share redemption, and in any case no later than 90 Business Days before the effective date of such redemption.

5. Miscellaneous

5.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

Minister of Energy
c/o 6th Floor, 77 Grenville Street
Toronto, ON
M5S 1B3
Attention: Shruti.Talwar
Email: shruti.talwar@ontario.ca

in the case of OPG:

Ontario Power Generation Inc.
Treasury
700 University Avenue
Toronto, Ontario
M5G 1X6
Attention: Vice President, Treasurer
Email: john.s.lee@opg.com

and

Attention: Corporate Secretary
Email: catriona.king@opg.com

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

Formatted: Font: Not Bold

5.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

5.3 Governing Law

This Agreement will be construed in accordance with the laws of the Province of Ontario.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A
SHARE SUBCRIPTION FORM

See attached

Exhibit A

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for **[·]** Class A Shares of the Corporation at the price of $**[·]** per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: _____, 2017

[NTD: "Distribution Date" will be 5 days following the date the Corporation issues the draft subscription form to the Province]

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

See attached.

Exhibit B

TRANSFER NOTICE

TO: **[FINANCING ENTITY]**
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this ■ day of ■, 20■.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

~~This Transfer Notice is delivered to you pursuant to Section **Error! Reference source not found.** of the master transfer and servicing agreement made as of ■, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **[FINANCING ENTITY]**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.~~

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, on a fully serviced basis, the specified portion of the Regulatory Asset set out below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the specified portion of the Regulatory Asset set out below, on a fully serviced basis, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date, (i) the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price.

Specified portion of Regulatory Asset: $■

Purchase Price: $■

Closing Date: ■

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section **Error! Reference source not found.** of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by bank wire transfer to the IESO Bank Account

DATED this ■ day of ■, 20■.

[FINANCING ENTITY], by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this ■ day of ■, 20■.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

_____

[insert applicable timeframe/ dates/period] ("Period")

(A) Purchase Price per Transfer Notice attached: _____
(B) Percentage Funded by Equity: _____
(C) Total Equity injection required for Period (A x B): _____
(D) Class A Share Price pursuant to OPG Financial Statements of [date/period]: _____
(E) Number of Class A Shares to be issued to Province (C ÷ D): _____

Exhibit C

FORM OF RECEIPT AND OFFICER'S CERTIFICATE

See attached.

Exhibit C

RECEIPT

TO: Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy (the "**Province**")

Ontario Power Generation Inc. ("**OPG**") hereby acknowledges receipt from the Province of $[•] pursuant to the Class A share subscription agreement between OPG and the Province made as of [•], 20•.

DATED •, 20•.

Per: _____

John Lee
Vice President – Treasurer

CERTIFICATE

of

Ontario Power Generation Inc. ("OPG")

TO: **Her Majesty the Queen in right of Ontario, as represented by the Minister of Energy**

RE: **Class A Share Equity Subscription Agreement dated [•]**

I, John Lee, the Vice President – Treasurer of OPG, certify, without personal liability, that:

1. This certificate is furnished to you in connection with the Class A Share Equity Subscription Agreement dated [•] (the "**Equity Subscription Agreement**") and may be relied on by the addressees above. We have reviewed such books and records of OPG and such other documents and have made such inquiries and investigations as we have considered necessary or appropriate to verify the matters addressed in this certificate. All capitalized terms used but not defined in this certificate have the meanings set out in the Equity Subscription Agreement.

2. Attached hereto as Appendix 1 is a true and complete copy of the Shareholder Register of OPG dated [•] (the "**Shareholder Register**"). The Shareholder Register has not been further amended or supplemented and no resolutions have been passed by the board of directors or the shareholders of OPG to effect any such further amendment or supplement.

* * * * *

DATED: as of the [•] day of [•], 20•.

_____

John Lee
Vice President – Treasurer

APPENDIX 1 – Shareholder Register

See attached.

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

From: Kenneth Russell
To: John Kim
Subject: Fair Hydro Plan MOU
Date: Thursday, July 20, 2017 12:31:17 PM

John

Gavin He has just provided to me a markup from MoE of the OREC MOU to include Fair Hydro Plan payments. I have advised him that the current plan is to have a separate MOU for the Fair Hydro Plan.

One thing I note in the draft I received is that it contemplates payments directly from MoE to the IESO. Can you confirm to me that there are no such payments contemplated under the Fair Hydro Plan.

Ken

Sent from my iPhone

From:	Ken Kandeepan
To:	Scott Nelms (ENERGY)
Cc:	John Psinas; James Devine; Carlos Yep; Gadi Mayman; Anna Strathy; Ronald Kwan; John Kim; Mike Manning; Nadine Petsche (MOF); "Veinot, Cindy (TBS)"
Subject:	Follow up to Conference call with TDS
Date:	Wednesday, May 03, 2017 10:08:57 AM

Hi All

We discussed a number of options with TDS yesterday on the type of equity to be issued by OPG to the Province in relation to the equity injection.

While the preferred equity option did present some attractive features from the perspective of tracking and perhaps an increased level of assurance to the Province with regard to dividend payments, Gadi suggests that we move forward with the common equity option from the twin objectives of simplicity as well as safeguarding the 20% of common equity limitation on the value of preferred equity. The latter is an important criteria from the perspective of the Rating Agencies.

There are a couple of issues yet to be resolved with regard to the common equity option:

- The possibility of issuing common equity as "Class B" shares thus differentiating the share issued by OPG under the equity injection from the existing shares owned by the Province. This makes it easier to track and to accrue dividends.
- The share price attributable to each share issued under the equity injection; approximate book value or some other methodology. Note that OPG's annual report does not indicate a share price, however, the notes to the F/S provide the number of shares and the value of the Province's original investment allowing the reader to work out a per share value of $20 which corresponds to what the Province carries in its own books.

We will work with all of you and consult with TDS on developing options on the above.

Thanks

Ken k

From:	Young, Graham (ENERGY)
To:	Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Gavin He; John Kim; Pratima Gounden (ENERGY); carlton.mathias@opg.com; clara.greco@opg.com; Kenneth Russell; lubna.ladak@opg.com; matthew.go@opg.com
Subject:	Follow-up: November 9 meeting on monthly payments
Date:	Tuesday, November 21, 2017 11:45:00 AM
Attachments:	2017-11-08- Equity Injection process v.3.pdf

Hi all,

As a follow-up to our November 9 meeting regarding monthly payments to OPG, attached is a revised process graphic. It's been updated since the meeting to include the outcomes of our discussion & names assigned to each organization.

Please let me know if you have questions, comments or updates.

ENERGY and OFA are working to finalize our MOU.

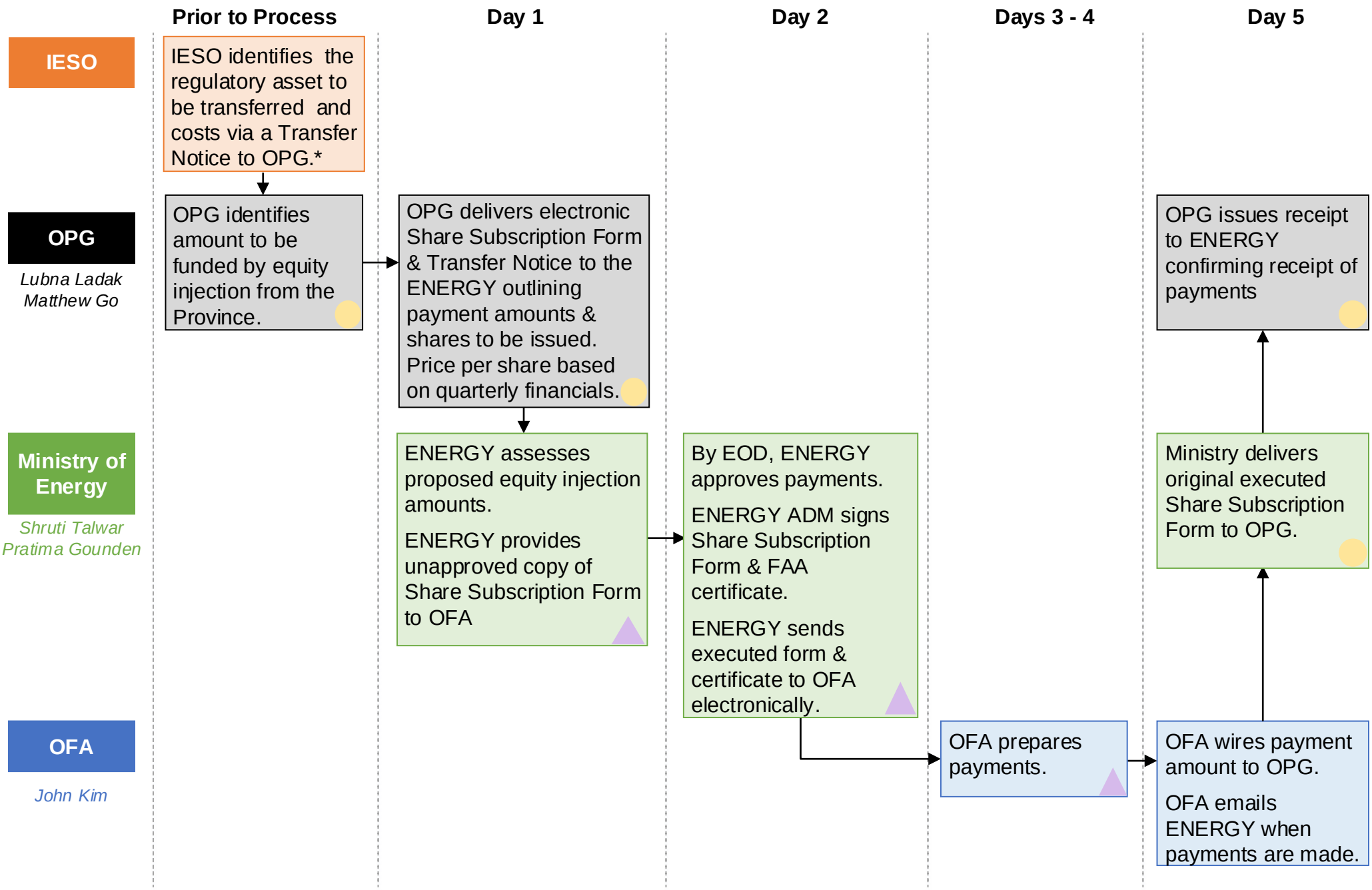
Thank you,

Graham Young
Senior Policy Advisor
Strategic Policy and Analytics Branch
Ontario Ministry of EnergyH
77 Grenville Street | Toronto, ON
(416) 327-7302 | graham.young@ontario.ca

Monthly OPG Equity Injection Process

Process from OPG-ENERGY Master Share Subscription Agreement

Process from OFA-ENERGY MOU Relating to Fair Hydro Plan



*OPG will notify IESO of its monthly fees & expenses, to be included in Transfer Notice amounts

From: Chander, Sunita (ENERGY)
To: John Kim
Subject: Fw: BN - Ontario Faiy Hydro Plan Program Payments
Date: Thursday, August 03, 2017 5:57:49 PM
Attachments: BN- Payment Process for the Fair Hydro Plan Programs.doc

---

Hi John, looks like there are some staff level discussions happening on this. As you can appreciate, the Fair Hydro Plan programs are significant and we need to ensure that rebates are provided in a timely manner.

Please let me know what the next steps are. We shared an MOU at the staff level a few weeks back on this

Thanks,

Sent from my BlackBerry
From: Hunter, Robert A. (ENERGY) <Robert.A.Hunter@ontario.ca>
Sent: Thursday, August 3, 2017 5:53 PM
To: Kathirgamanathan,Shajee (OFA); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY)
Subject: BN - Ontario Faiy Hydro Plan Program Payments

Hi Shajee,

Please see attached the requested briefing note outlining the rationale for why the Ministry of Energy is requesting the OFA to facilitate payments for programs under the Fair Hydro Plan.

Thank you,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca<mailto:robert.a.hunter@ontario.ca>

Briefing Note: Payment of Programs under the Fair Hydro Plan

ISSUE:

- The Ministry of Energy is requesting the office of the Ontario Financing Authority (OFA) to process the payments for the programs implemented under the Ontario Fair Hydro Plan, 2017, similar to the Ontario Rebate for Electricity Consumers Act, 2017. (OREC) These Fair Hydro Plan programs are critical to the successful deliverance of the Government's priority of helping Ontarian's to manage their electricity bills. If payments are not made in a timely manner, there will be a number of cash flow and communications issues that will affect the Government and its agencies, and potentially all eligible Ontarians.

SUMMARY:

Purpose of the Payment

- The Ministry of Energy is seeking to process payments through the Ontario Financing Authority (OFA) for the monthly costs of the programs for the Ontario Fair Hydro Plan (OFHP) for approximately $15,000,000 monthly (split across 3 programs, First Nations Delivery Credit, Distribution Rate Protection, Rural or Remote Electricity Rate Protection) to be payable to the Independent Electricity System Operator (IESO).
    - A fourth program will require payments at a later date (OESP).
- Currently the OFA processes the Ontario Rebate for Electricity Consumers (OREC) in this manner and this request is being made to use the same process to ensure the smooth transition of implementation as well as the transferring of the funds to the applicable entities that have implemented the programs as per legislation.

Method of Payment

- The payment will be done in the same manner as what is being done for OREC.
- One invoice will be issued by the IESO through their portal and will be sent to the OFA for payment. (See Appendix A for sample of new invoice)
- The appropriate IFIS account codes will identify the correct allocation of the funds
- . These IFIS account codes will be provided to the OFA in advance of the first payment.
- All payments for the FHP programs will need to be issued on the same date, once a month.

Background

- This payment approval is being sought so as to ensure the timely payment of these funds to the IESO to be returned to the Local Distributors who have already applied the credits to their customers' bills.
- The request is being made because of the tight timelines that are established by the IESO for payment by/to the Local Distributors. This process has been in place for a long time and it has proven to be effective and efficient.
- The OFA also historically made payments for the Ontario Clean Energy Benefit which is expected to have no further payments past August 2017.

Deliverables:

- The Ministry of Energy, Strategic, Network and Agency Policy (SNAP) Division has a Memorandum of Understanding (MOU) with the OFA to process the OREC payments according to the above request.
- This approval is seeking to add the OFHP program payments to the same process and/or to the MOU if necessary.

Risk Analysis:

- The approval is being sought to avoid the risk of delayed payment to the IESO.
- The costs associated with a delayed payment process would impact the IESO and the Local Distributors in a negative manner and could cause cash flow issues with all entities.
- The Ministry will also be subject to interest charges for any delayed payments.
- Other options available for making these payments to the IESO are currently unknown.

Timeframe:

- As per the current process with the OREC and the OCEB, the Ministry receives the reports and invoice from the IESO through their portal.
- This is received on the 10th business day of the month.
- It is then processed for approval and the OFA issues the payment directly to the IESO within the following 2 business days.
- It is important that the funds are received by the IESO in accordance with the IESO market rules and settlements calendars so that the credits can be applied to the appropriate Local Distributors.
- In most cases, save for holiday interruptions, payment is required by the IESO on the 12th business day.

Costs and Funding:

- The Ministry has an agreement with the IESO that they will not charge us for the processing of the collecting of information as well as disbursing the funds

appropriately. The Ministry is managing the approval process and sending the invoice to the OFA.

- Under the current MOU, the OFA does not charge the Ministry for its services or for its disbursements incurred under the MOU agreement. The update to the MOU would not incur any further administration on the part of the OFA. All charges will be on one invoice. (See Appendix A)
- The funding of these programs has been reassigned to the tax base as per the Ontario Fair Hydro Plan Act, 2017.

APPENDIX A

Independent Electricity System Operator
PHYSICAL INVOICE

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON
M5W 4E5
HST: 870513959RT0002

Issue / Re-Issue Date: **14-MAR-2017**

MINISTRY OF ENERGY
77 Grenville Street
6th Floor
Toronto, ON M7A 2C1
Canada

Invoice: PI00018496
Invoice Date: 14-MAR-2017
MP ID: 110354
MP GST/HST: N/A

Please send payment by WIRE or EFT to:

Bank Name: **TD Bank**
Bank ID Number: **0004**
Bank Account Number: ####-#######

Bank Acc Type: **Settlement Clearing**
Bank Transit Number: **10202**

For all inquiries contact:
IESO Account Representative
Tel: 905-403-6900
Toll Free: 1-888-448-7777

Comments:

Charges for settlement statements issued: From 01-FEB-2017 To 28-FEB-2017

Charge Type	Description	Amount
1465	ONTARIO CLEAN ENERGY BENEFIT (-10%) PROGRAM BALANCING AMOUNT	$547,056.60
1467	ONTARIO REBATE FOR ELECTRICITY CONSUMERS (8% PROVINCIAL REBATE) BALANCING AMOUN T	$95,013,244.08
####	FIRST NATIONS DELIVERY CREDIT	
####	DISTRIBUTION RATE PROTECTION	
####	RURAL OR REMOTE RATE PROTECTION	
####	ONTARIO ELECTRICITY SUPPORT PROGRAM (ADDED AT A LATER DATE)	

Invoice Total: $CAD 95,560,300.68

Payment Due Date 16-MAR-2017

This invoice also constitutes a debit/credit note for GST/HST purposes

From:	John Kim
To:	Gavin He
Subject:	Fwd: 2017 09 29 OFHP Business Issues v01.pptx
Date:	Sunday, October 01, 2017 1:15:29 PM
Attachments:	2017 09 29 OFHP Business Issues v01.pptx ATT00001.htm

---

Sent from my iPhone

Begin forwarded message:

> **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Date:** October 1, 2017 at 1:04:08 PM EDT
> **To:** Carlos Yep <Carlos.Yep@ofina.on.ca>, James Devine <James.Devine@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>, Ronald Kwan <Ronald.Kwan@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, John Psinas <John.Psinas@ofina.on.ca>
> **Subject: 2017 09 29 OFHP Business Issues v01.pptx**
>
> Pls see my comments, Carlos/Jim you may also want to add to mine.
>
> Thanks
>
> Ken k

OFHP Business Issues

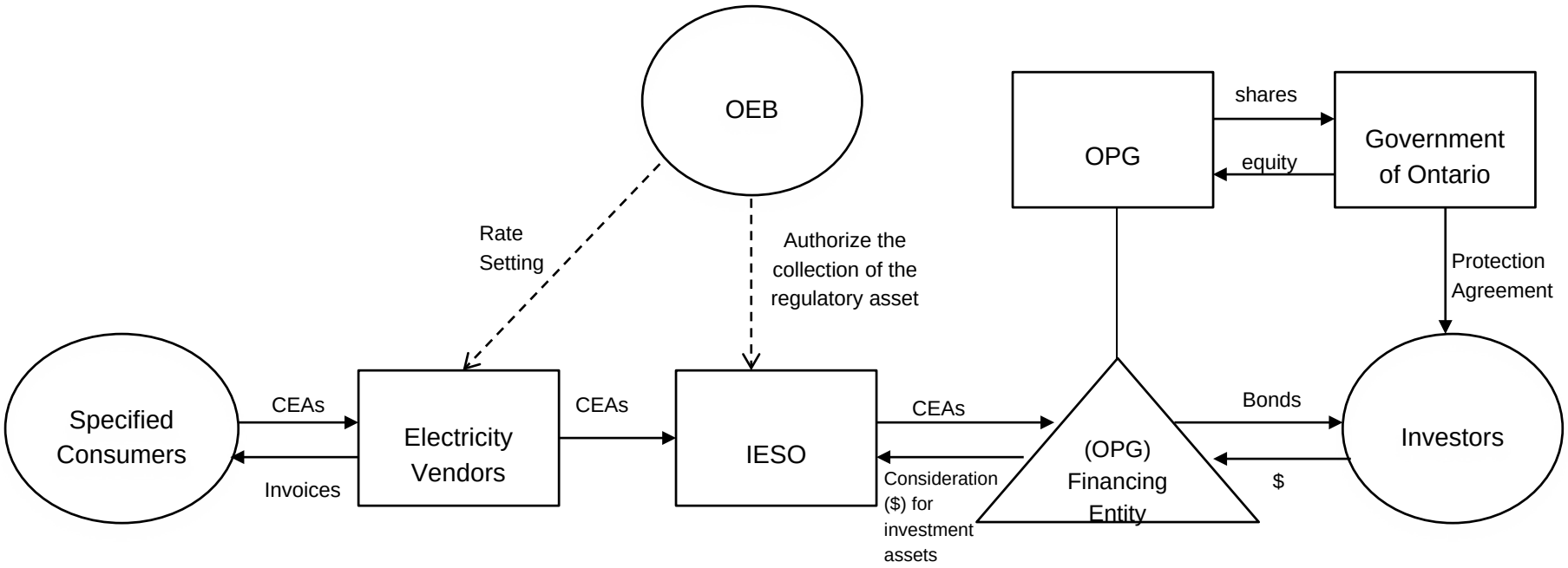
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The financing entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Province has agreed to provide a protection agreement that supports the Financing Entity and prospective debt holders such that, under certain circumstances, the Province would take over the funding obligations of the Financing Entity, including:
    - Actions of the Legislative Assembly that undermine the financing arrangement, i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access US market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
    - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 10 basis points on monthly funding obligation when the annual funding obligation is less than $10B, and 8 basis points on the monthly funding obligation when the annual funding obligation is greater than $10B.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

From:	Carlos Yep
To:	Mike Manning; James Devine; Opal Kandelas; Ken Kandeepan; John Psinas; John Kim; Bruno Amara; Kaitlin.Montgomery@ontario.ca
Subject:	Fwd: Draft GA Sub debt term sheet
Date:	Tuesday, May 30, 2017 4:32:26 PM
Attachments:	Draft Subordianted Debt Term Sheet.doc ATT00001.htm

---

Begin forwarded message:

From: LIU Sheen -TREASURY <sheen.liu@opg.com>
Date: May 30, 2017 at 4:26:00 PM EDT
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>, RYFA Ken -TREASURY <ken.ryfa@opg.com>, PRESTON Stuart -TREASURY <stuart.preston@opg.com>, "HAHN PARKER Janet -TREASURY" <j.hahnparker@opg.com>
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

From: Kenneth Russell
To: Gavin He; John Kim
Subject: Fwd: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Tuesday, November 14, 2017 3:17:12 PM

Gavin and John

FYI

Ken

Sent from my iPhone

Begin forwarded message:

> **From:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Date:** November 14, 2017 at 12:06:17 PM GMT-5
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting**
>
> Agreed Ken, I am ok as long as MOE certifies that the payment is under the appropriated amount.
>
> Thanks
>
> Ken k
>
> On Nov 14, 2017, at 11:58 AM, Kenneth Russell <Kenneth.Russell@ofina.on.ca> wrote:
>
> > Ken
> >
> > In your comments last week you suggested that MoE provide year to date amounts for the Appropriated Amount. My view is that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment.
> >
> > I would suggest that if there is a desire to monitor year to date amounts it be done through a separate process.
> >
> > Ken
> >
> > Sent from my iPhone
> >
> > Begin forwarded message:

From: Gavin He <Gavin.He@ofina.on.ca>
Date: November 14, 2017 at 9:04:16 AM GMT-5
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>, Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

<!--[if !supportLists]-->1. <!--[endif]-->Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.

<!--[if !supportLists]-->2. <!--[endif]-->Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.

<!--[if !supportLists]-->3. <!--[endif]-->Confirm the following:

- <!--[if !supportLists]-->● <!--[endif]-->OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
- <!--[if !supportLists]-->● <!--[endif]-->Scanned electronic copies for the share subscription form & FAA certificate are acceptable
- <!--[if !supportLists]-->● <!--[endif]-->Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at

yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v9(OFA Legal).docx>

<FAA section 11.4 Certificate Form_Draft(v3).docx>

From: John Kim
To: Gavin He
Subject: Fwd: OFHP Business Issues
Date: Wednesday, November 08, 2017 1:20:40 PM

Let's get this back on. Ask Carlos if any update

Sent from my iPad

Begin forwarded message:

> **From:** "Cox, Hilary (ENERGY)" <Hilary.Cox@ontario.ca>
> **Date:** November 8, 2017 at 1:04:35 PM EST
> **To:** "Montgomery, Kaitlin (MOF)" <Kaitlin.Montgomery@ontario.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Subject: RE: OFHP Business Issues**
>
> Hi John –
> Please send your deck edits by end of day.
>
> HC
>
> ---
>
> **From:** Montgomery, Kaitlin (MOF)
> **Sent:** November 2, 2017 12:49 PM
> **To:** Kim, John (OFA) <John.Kim@ofina.on.ca>
> **Cc:** Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
> **Subject:** RE: OFHP Business Issues
>
> Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.
>
> Kaitlin
>
> ---
>
> **From:** John Kim [mailto:John.Kim@ofina.on.ca]
> **Sent:** November 2, 2017 8:37 AM
> **To:** Montgomery, Kaitlin (MOF)
> **Subject:** RE: OFHP Business Issues
>
> Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.
>
> ---
>
> **From:** Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> **Sent:** Thursday, November 02, 2017 8:36 AM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Gavin He
Cc:	Shajee Kathirgamanathan; Usman Zahid; Ronald Kwan
Subject:	Fwd: OPG Equity Injection - closing date March 22
Date:	Friday, March 16, 2018 12:34:08 PM
Attachments:	2018-03-16- Signed Share Subscription Form.pdf ATT00001.htm 2018-03-16- Memo Authorizing Funds.pdf ATT00002.htm 2018-03-16- Signed FAA Certificate.pdf ATT00003.htm

---

FYI, I had the courtesy call just prior.

Sent from my iPhone

Begin forwarded message:

From: "Talwar, Shruti (ENERGY)" <Shruti.Talwar@ontario.ca>
To: "Ken Kandeepan" <Ken.Kandeepan@ofina.on.ca>, "John Kim" <John.Kim@ofina.on.ca>, "John Psinas" <John.Psinas@ofina.on.ca>, "SETTLEMENT" <SETTLEMENT@ofina.on.ca>, "CASHP" <CASHP@ofina.on.ca>
Cc: "Graham Young (MOI)" <Graham.Young@ontario.ca>, "Ogunrinde, Deni (ENERGY)" <Deni.Ogunrinde@ontario.ca>, "Sud, Manu (ENERGY)" <Manu.Sud@ontario.ca>, "Pratima Gounden (ENERGY)" <Pratima.Gounden@ontario.ca>, "Asokan Sadasivan (MEDTE/MRI)" <Asokan.Sadasivan@ontario.ca>, "Sawwaf, Khareem (ENERGY)" <Khareem.Sawwaf@ontario.ca>, "Thouin, Alena (ENERGY)" <Alena.Thouin@ontario.ca>, "Yordi, Samer (ENERGY)" <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC.** (the "**Corporation**")

The undersigned hereby subscribes for 4,627,343 Class A Shares of the Corporation at the price of $43.74 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: March 22, 2018

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Share Subscription Agreement

Calculation of Equity Injection for
Investment Asset Purchase in March 2018
representing the accumulated balance from December, 2017 - February, 2018 ("Period")

(A)	Purchase Price per Transfer Notice from IESO	460,000,000.00
(B)	Percentage Funded by Equity	44.0%
(C)	Total Equity Required for Period (AxB)	202,400,000.00
(D)	Class A share purchase price[1]	43.74
(E)	Number of Class A shares to be issued (C/D)	4,627,343.0

1. Based on December 31, 2017 financial statements

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 326-5572

Ministère de l'Énergie

77, rue Grenville
6e étage
Toronto ON M7A 2C1

Tél: (416) 326-5572

Ontario

March 16, 2018

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of **$202,400,000** to Ontario Power Generation Inc. (OPG) on March 22, 2018 as consideration for the subscription for **4,627,343** Class A shares Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **March 22, 2018** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated November 22, 2017.

The Share Subscription requests payment by the Ministry to OPG in the amount of **$202,400,000** as consideration for the subscription for **4,627,343** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I Carolyn Calwell, Assistant Deputy Minister, as delegated by the Minister of Energy, hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated: March 16, 2018

Carolyn Calwell
Assistant Deputy Minister
Strategic, Network and Agency Policy

From: Bruno Amara
To: Lisa Stein
Cc: John Kim
Subject: MOU OFA and Energy re share subscription process
Date: Thursday, August 10, 2017 12:22:04 PM
Attachments: OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx

---

Hi Lisa,

I understand that John shared this draft MOU with you. Per Investment Governance Branch email below, I'm following up. My understanding is that the key issue that had been discussed was whether formal authorization would be required each month from the Minister of Energy for subscription payments. OFA preferred this approach, but Energy preferred an annual approval. I understand also that responsibility for due diligence was a key factor. In the attached Energy has edited to clarify that it would conduct the necessary due diligence (see 9. Below). The MOU also notes that OPG would notify both Energy and OFA of monthly subscription amounts, and that Energy would notify OPFA within 3 days if there were any issues with subscription payment to be made.

> 9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

Let me know if you have had a chance to review, and if so, what you think. I'm not sure if this was also being discussed with/reviewed by Mike Manning or Ken.

Thanks
Bruno

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, August 10, 2017 10:27 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: SLA draft

Hey Bruno – John mentioned he had shared this with OFA legal – would you be able to check in?

Thanks,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (~~the~~ "~~**Minister**~~**ENERGY**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. ~~The Minister~~ENERGY has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. ~~The Minister~~ENERGY will subscribe for Class A Shares [monthly].

7. Each [month] OPG will deliver to ~~the Minister~~[ENE Representative and OFA representative] a share subscription form (the "Share Subscription") setting out the

amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by ~~the Minister~~ENERGY. OPG will also include supporting documentation, including the Transfer Notice from the IESO outlining the amount of the regulatory asset to be purchased by OPG, as well as the calculation to determine the Subscription payment required at that time.

~~7.~~

8. ~~The Minister~~ENERGY is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

~~8.~~10. ~~The Minister~~ENERGY has advised the OFA that ~~the Minister~~ENERGY is required to make the Subscription Payments within [*] business days of the receipt ~~by the Minister~~ of the Share Subscription (the "Share Subscription Payment Date").

~~9.~~11. ~~The Minister~~ENERGY considers it advisable for the OFA to make the Subscription Payments on behalf of ~~the Minister~~ENERGY and the OFA has agreed to make the Subscription Payments on behalf of ~~the Minister~~ENERGY.

~~10.~~12. ~~The Minister~~ENERGY and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

~~The Minister~~ENERGY and the OFA agree as follows:

1. Payment Authorization

(i) ~~The Minister~~ENERGY authorizes the OFA to make the Subscription Payments on behalf of ~~the Minister~~ENERGY and the OFA agrees to make the Payments on behalf of the ~~Minister~~ENERGY.

(ii) ENERGY will provide payment directions to the OFA on an annual basis enabling OFA to authorize payments up to the Appropriated Amount.

(iii) ENERGY commits to indicate within 3 days after receipt of the Share Subscription to notify the OFA in the event a Subscription Payment should not be made, otherwise the OFA is to proceed with the Subscription Payment each [month].

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", Space After: 10 pt, No bullets or numbering

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Normal, Indent: Left: 1.03", No bullets or numbering

~~(i)~~

~~(ii)~~(iv) In accordance with 11.4 (2) of the Financial Administration Act (reproduced as Schedule A to this MOU), the Minister of Energy authorizes the OFA to ~~The Minister shall ensure that~~provide the certificate under section 11.4 of the *Financial Administration Act* ~~(reproduced as Schedule A to this MOU)~~ required for each of the Subscription Payments ~~is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.~~

Commented [KC1]: The intent here is that ENE will do all the necessary due diligence, and monitor the payments etc. just trying to give OFA comfort/authority to move forward each month without requiring us to provide instructions each month to do so.

~~(iii)~~(v) It is agreed by ~~the Minister~~ENERGY and the OFA that the OFA is acting as an agent, on behalf of ~~the Minister~~ENERGY, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of ~~the Minister~~ENERGY as further described in this MOU.

2. Payment Process

~~a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.~~

Formatted: Normal, Indent: Left: 0.25", No bullets or numbering

Formatted: Font: (Default) Arial

~~b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.~~

~~c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.~~

Commented [KC2]: OFA will be on the subscription notice that comes from OPG.

~~d)~~a) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined ~~Minister~~ ENERGY account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the ~~Minister's~~ ENERGY contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by ~~the Minister~~ENERGY.

~~4. Limited Role of the OFA~~

~~The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.~~

Commented [KC3]: Don't think this is required anymore since I've outlined ENE is responsible for this above.

~~5.~~4. Review and Termination

a) ~~The Minister~~ENERGY and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by ~~the Minister~~OPG to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by ~~the Minister~~OPG to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

~~6.~~5. No Service Charges

The OFA will not charge ~~the Minister~~ENERGY for the OFA's services or for its disbursements or other expenses incurred under this MOU.

~~7.~~6. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU ~~the Minister'S~~ENERGY's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

~~8.~~7. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of ~~the Minister~~ENERGY, the addresses for notice are:
Hand Delivery:
Ministry of Energy

~~9.~~8. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From: John Kim
To: John Kim
Subject: Master Trust Indenture (November 7th Rating Agency Draft).DOCX
Date: Friday, November 17, 2017 2:27:46 PM
Attachments: Master Trust Indenture (November 7th Rating Agency Draft).DOCX

Draft Date: November 7, 2017

FAIR HYDRO TRUST

as Issuer

AND

BNY TRUST COMPANY OF CANADA

as Indenture Trustee

TRUST INDENTURE

DATED AS OF [■], 2017

TABLE OF CONTENTS

Page

RECITALS OF THE ISSUER 1

AGREEMENT OF THE PARTIES 1

ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION 1

1.01 Definitions 1
1.02 Compliance Certificates and Opinions 2
1.03 Form of Documents Delivered to Indenture Trustee 3
1.04 Actions by Noteholders 3
1.05 Actions of Other Specified Creditors 6
1.06 Effect of Headings and Table of Contents 6
1.07 Successors and Assigns 6
1.08 Severability 6
1.09 Governing Law 6
1.10 Counterparts 6
1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement 7
1.12 Non-Business Days 7
1.13 Interest Act 7
1.14 Currency 7
1.15 References to Acts of the Issuer 7
1.16 Judgment Currency 8

ARTICLE II COLLATERAL 8

2.01 Security for Obligations Secured 8
2.02 Recording, Etc 10
2.03 Use of Collateral 11
2.04 Suits To Protect the Collateral 11
2.05 Purchaser Protected 12
2.06 Powers Exercisable by Receiver or Indenture Trustee 12
2.07 Determinations Relating to Collateral 12
2.08 Satisfaction and Discharge of Indenture 12
2.09 Release of all Collateral 13
2.10 Certain Commercial Law Representations and Warranties 14

ARTICLE III NOTE FORMS 15

3.01 Forms Generally 15
3.02 Forms of Notes 15
3.03 Form of Indenture Trustee's Certificate of Authentication 15
3.04 Notes Issuable in the Form of a Global Note 16
3.05 Temporary Global Notes and Permanent Global Notes 18
3.06 Beneficial Ownership of Global Notes 20

TABLE OF CONTENTS
(continued)

Page

3.07 Notices to Depository 20
3.08 CUSIP Numbers 20

ARTICLE IV THE NOTES 21

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes 21
4.02 Denominations 23
4.03 Execution, Authentication and Delivery and Dating 23
4.04 Temporary Notes 24
4.05 Registration, Transfer and Exchange 24
4.06 Mutilated, Destroyed, Lost and Stolen Notes 28
4.07 Persons Entitled to Payment 29
4.08 Cancellation 30
4.09 Protection of Notes 30
4.10 New Issuances of Notes 30
4.11 Redemption 31

ARTICLE V CONDITIONS PRECEDENT 31

5.01 Conditions Precedent for Incurrence of Indebtedness 31
5.02 No Consent 33
5.03 Conditions Precedent for the Incurrence of other Obligations Secured 33
5.04 Acknowledgements 33

ARTICLE VI SUBORDINATION 34

6.01 Subordination 34
6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations 34
6.03 Rights of Specified Creditors Preserved 34
6.04 Renewal or Extension of Senior Funding Obligations 35

ARTICLE VII ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS 35

7.01 Available Collections 35
7.02 Issuer Accounts 36
7.03 Investment of Funds in the Issuer Accounts 39
7.04 Allocation of Amounts on Deposit in the Collection Account 40
7.05 Allocation of Amounts on Deposit in Interest Accumulation Account 43
7.06 Allocation of Amounts on Deposit in Principal Accumulation Account 44
7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account 45
7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account 45
7.09 Refinancing 47

TABLE OF CONTENTS
(continued)

Page

7.10 Allocation of Amounts on Deposit in the Series Accounts 48
7.11 Payments to be Held in Trust 48
7.12 Application of Trust Money 48

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES 48

8.01 Events of Default 48
8.02 Acceleration of Maturity; Rescission and Annulment 50
8.03 Waiver of Past Defaults 51
8.04 Notice of Defaults 51
8.05 Remedies Generally 52
8.06 Default Interest and Expenses 52
8.07 Indenture Trustee May File Proofs of Claim 53
8.08 Indenture Trustee May Enforce Claims Without Possession of Notes 54
8.09 Indenture Trustee May Elect to Hold the Collateral 54
8.10 Termination by Indenture Trustee of Manager and Servicer 54
8.11 Control by Debtholders 54
8.12 Limitation on Suits 55
8.13 Application of Money Following an Event of Default 55
8.14 Limited Recourse 57
8.15 Restoration of Rights and Remedies 57
8.16 Rights and Remedies Cumulative 58
8.17 Delay or Omission Not Waiver 58
8.18 Waiver of Stay or Extension Laws 58
8.19 Indenture Trustee Appointed Attorney 58
8.20 Disclaimer of Marshalling 59

ARTICLE IX THE INDENTURE TRUSTEE 59

9.01 Certain Duties and Responsibilities 59
9.02 Certain Rights of Indenture Trustee 60
9.03 Not Responsible for Recitals or Issuer Funding Obligations 62
9.04 May Hold Notes 62
9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity 62
9.06 Corporate Indenture Trustee Required; Eligibility 63
9.07 Resignation and Removal; Appointment of Successor 63
9.08 Acceptance of Appointment by Successor 65
9.09 Merger, Conversion, Consolidation or Succession to Business 66
9.10 Trust Indenture Legislation 66
9.11 Representations and Covenants of the Indenture Trustee 66
9.12 Indenture Trustee's Application for Instructions from the Issuer 67
9.13 Appointment of Co-Trustee or Separate Indenture Trustee 67
9.14 Preservation of Information; Communications to Debtholders 68
9.15 Acceptance of Trusts by Indenture Trustee 70

TABLE OF CONTENTS
(continued)

Page

9.16 Paying Agent 70

ARTICLE X MEETINGS 71

10.01 Conduct of Meetings 71
10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution 73
10.03 Extraordinary Resolution 75
10.04 Declaration by Chairman of Result of Vote 76
10.05 Minutes 76
10.06 Signed Instruments 76
10.07 Persons Who May Attend 76
10.08 Binding Effect of Resolutions 77
10.09 Notes Regarded as Not Outstanding for Certain Purposes 77

ARTICLE XI SUPPLEMENTAL INDENTURES 77

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors 77
11.02 Supplemental Indentures and Amendments with Consent of Debtholders 79
11.03 Execution of Amendments and Supplemental Indentures 80
11.04 Effect of Amendments and Supplemental Indentures 80
11.05 Reference in Notes to Supplemental Indentures 81

ARTICLE XII REPRESENTATIONS AND WARRANTIES OF THE ISSUER 81

12.01 Representations and Warranties of the Issuer 81

ARTICLE XIII COVENANTS OF THE ISSUER 83

13.01 Payment of Principal and Interest 83
13.02 Use of Proceeds 83
13.03 Maintenance of Office or Agency 83
13.04 Legal Existence 84
13.05 Separateness Covenants 84
13.06 Compliance with Laws 85
13.07 Performance of Obligations 85
13.08 Funding Obligations 85
13.09 Financial Statements 85
13.10 Statement as to Compliance 86
13.11 Payment Instruction 86
13.12 Notice of Events of Default 86
13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors 86
13.14 Other Positive Covenants 87
13.15 Rule 144A Information 88
13.16 Further Instruments and Acts 88

TABLE OF CONTENTS
(continued)

Page

13.17 No Other Business 88
13.18 Amendments to Program Agreements 88
13.19 Issuer May Consolidate, Etc., Only on Certain Terms 89
13.20 Successor Substituted 90
13.21 Guarantees, Loans, Advances and Other Liabilities 90
13.22 Capital Expenditures 90
13.23 Restricted Payments 90
13.24 No Borrowing 91
13.25 Other Negative Covenants 91
13.26 Indenture Trustee May Perform Covenants 91

ARTICLE XIV MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS 92

14.01 Management Agreement 92
14.02 Credit Enhancement Agreements 92

ARTICLE XV NOTICES 92

15.01 Notice to Issuer 92
15.02 Notice to the Indenture Trustee 93
15.03 Notice to Noteholders 93
15.04 Notice to Other Specified Creditors 94
15.05 Notice to Rating Agencies 95
15.06 Change of Address 95

ARTICLE XVI MISCELLANEOUS 95

16.01 No Petition 95
16.02 Withholding Rights 95
16.03 U.S. Tax Treatment 95
16.04 Alternate Payment Provisions 96
16.05 Final Distribution 96
16.06 Force Majeure 97
16.07 Delivery of Executed Copies 97

SCHEDULE A — DEFINED TERMS
EXHIBIT 1 — FORM OF PAYMENT INSTRUCTIONS
EXHIBIT 2 — FORM OF REFINANCING NOTICE

This **TRUST INDENTURE**, between **COMPUTERSHARE TRUST COMPANY OF CANADA** in its capacity as trustee of **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), and **BNY TRUST COMPANY OF CANADA**, a trust company existing under the laws of Canada, in its capacity as Indenture Trustee[1] (the "**Indenture Trustee**"), is made and entered into as of [■], 2017.

RECITALS OF THE ISSUER

The Issuer wishes to provide for the incurrence of Issuer Funding Obligations in one or more Classes, Series or Tranches.

All things necessary to make this Indenture a valid and legally binding agreement of the Issuer, in accordance with its terms, have been done.

AGREEMENT OF THE PARTIES

In consideration of the respective agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I
DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

1.01 Definitions

For all purposes of this Indenture and of any Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in Schedule A have the meanings assigned to them in Schedule A, and include the plural as well as the singular;

(b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles (including the International Financial Reporting Standards as published by the International Accounting Standards Board, or any successor accounting standards board) and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder means such accounting principles as are generally accepted in Canada at the date of such computation;

(c) unless the context otherwise requires, terms defined in the PPSA and not otherwise defined in this Indenture or a Supplemental Indenture shall have the meanings set forth in the PPSA;

[1] This draft does not reflect any comments from the Indenture Trustee.

(d) references to an agreement shall mean such agreement, as amended, modified, restated and supplemented from time to time in accordance with the provisions hereof;

(e) all references to any Person shall include such Person's permitted successors and assigns, and any reference to a Person in a particular capacity excludes such Person in other capacities;

(f) references to any law, rule, regulation or order of a Governmental Authority shall include such law, rule, regulation or order as from time to time in effect, including any amendment, modification, codification, replacement or reenactment thereof or any substitution therefor;

(g) the word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is not exclusive;

(h) all references in this Indenture to designated "Articles", "Sections", "Schedules", "Exhibits" and other subdivisions are to the designated Articles, Sections, Schedules, Exhibits and other subdivisions of this Indenture as originally executed. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) "including" and words of similar import will be deemed to be followed by "without limitation"; and

(j) with respect to the computation of periods of time from a specified date to a later specified date, unless otherwise expressly stated, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.02 Compliance Certificates and Opinions

Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture, the Issuer will furnish to the Indenture Trustee (i) an Issuer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, and (ii) an Opinion of Counsel stating that, in the opinion of such counsel, all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents are specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

The Indenture Trustee may rely, as to authorization by the Issuer of any Series or Tranche of Notes, the form and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and the other documents delivered pursuant to Article V and this Section 1.02, as applicable, in connection with the authentication of Notes of such Series or Tranche.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (except for the written statement required by Section 13.10) will include:

(a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that such individual has made such examination or investigation as is necessary to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

1.03 Form of Documents Delivered to Indenture Trustee

In any case where several matters are required to be certified by, or covered by an opinion of, one or more specified Persons, one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to the other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of the Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless the Issuer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous. Any such certificate or opinion of, or representation by, counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, the Issuer stating that the information with respect to such factual matters is in the possession of the Issuer, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

1.04 Actions by Noteholders

(a) Any request, demand, authorization, direction, notice, consent, resolution, waiver or other action (collectively, an "**Action**") provided by this Indenture to be given or taken by Noteholders of any Class, Series or Tranche may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing. In addition, any Action provided by this Indenture to be given or taken by such Noteholders may, alternatively, be embodied in and evidenced by the record of such Noteholders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Noteholders duly called and held in accordance with the provisions

of Article X or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such Action will become effective when such instrument or instruments or record are delivered to the Indenture Trustee, and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent, or the holding by any Person of a Note, will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section 1.04. The record of any meeting of Noteholders shall be proved in the manner provided in Article X.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the person executing the same, may be proved in any manner which the Indenture Trustee deems sufficient.

(c) (i) The ownership of Registered Notes will be proved by the Note Register.

(ii) The ownership of Bearer Notes or coupons will be proved by the production of such Bearer Notes or coupons or by a certificate, satisfactory to the Issuer and the Indenture Trustee, executed, as depositary, by any bank, trust company, recognized securities dealer, as depositary, wherever situated, satisfactory to the Issuer. Each such certificate will be dated and will state that on the date thereof a Bearer Note or coupon bearing a specified serial number was deposited with or exhibited to such bank, trust company or recognized securities dealer by the Person named in such certificate. Any such certificate may be issued in respect of one or more Bearer Notes or coupons specified therein. The holding by the Person named in any such certificate of any Bearer Note specified therein will be presumed to continue for a period of one year from the date of such certificate unless at the time of any determination of such holding (A) another certificate bearing a later date is issued in respect of the same Bearer Note or coupon produced, (B) the Bearer Note or coupon specified in such certificate is produced by some other Person or (C) the Bearer Note or coupon specified in such certificate has ceased to be Outstanding.

(d) The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Notes held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Indenture Trustee deems sufficient; and the Indenture Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 1.04.

(e) If the Issuer will solicit from the Noteholders any Action, the Issuer may, at its option, by an Issuer Certificate, fix in advance a record date for the determination of Noteholders entitled to give such Action, but the Issuer will have no obligation to do so. If the Issuer does not so fix a record date, such record date will be the later of 30 days before the first solicitation of such Action or the date of the most recent

list of Noteholders furnished to the Indenture Trustee pursuant to Section 13.13 before such solicitation. Such Action may be given before or after the record date, but only the Noteholders of record at the close of business on the record date will be deemed to be Noteholders for the purposes of determining whether Noteholders of the requisite proportion of Outstanding Notes have authorized or agreed or consented to such Action, and for that purpose the Outstanding Notes will be computed as of the record date; provided that no such authorization, agreement or consent by the Noteholders on the record date will be deemed effective unless it will become effective pursuant to the provisions of this Indenture not later than 6 months after the record date.

(f) Any Action by a Noteholder will bind the holder of every Note issued upon the transfer thereof or in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon whether or not notation of such Action is made upon such Note.

(g) Without limiting the foregoing, a Noteholder entitled hereunder to take any Action hereunder with regard to any particular Note may do so with regard to all or any part of the principal amount of such Note or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount. Any notice given or Action taken by a Noteholder or its agents with regard to different parts of such principal amount pursuant to this paragraph shall have the same effect as if given or taken by separate Noteholders of each such different part.

(h) Without limiting the generality of the foregoing, unless otherwise specified pursuant to one or more Supplemental Indentures, a Noteholder, including a Depository that is the holder of a Global Note, may make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders, and a Depository that is the holder of a Global Note may provide its proxy or proxies to the beneficial owners of interests in or security entitlements to any such Global Note through such Depository's standing instructions and customary practices.

(i) The Issuer may fix a record date for the purpose of determining the Persons who are beneficial owners of interests in or security entitlements to any Global Note held by a Depository entitled under the procedures of such Depository to make, give or take, by a proxy or proxies duly appointed in writing, any Action provided in this Indenture to be made, given or taken by Noteholders. If such a record date is fixed, the Noteholders on such record date or their duly appointed proxy or proxies, and only such Persons, shall be entitled to make, give or take such Action, whether or not such Noteholders remain Noteholders after such record date. No such Action shall be valid or effective if made, given or taken more than six months days after such record date.

1.05 Actions of Other Specified Creditors

Any Action provided by this Indenture to be given or taken by any Specified Creditor (other than Noteholders) may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Specified Creditor in person or an agent duly appointed in writing. Proof of execution of any such instrument or of a writing appointing any such agent will be sufficient for any purpose of this Indenture and (subject to Section 9.01) conclusive in favour of the Indenture Trustee and the Issuer, if made in the manner provided in Section 1.04(b).

1.06 Effect of Headings and Table of Contents

The Article and Section headings herein and the Table of Contents are for convenience only and will not affect the construction hereof.

1.07 Successors and Assigns

All covenants and agreements in this Indenture by the Issuer will bind its successors and assigns, whether so expressed or not. All covenants and agreements of the Indenture Trustee in this Indenture shall bind its successors, co-trustees and agents of the Indenture Trustee.

1.08 Severability

In case any provision in this Indenture or in the Notes will be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

1.09 Governing Law

THIS INDENTURE WILL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY ONTARIO COURTS SITTING IN TORONTO IN ANY ACTION, APPLICATION, REFERENCE OR OTHER PROCEEDING ARISING OUT OF OR RELATED TO THIS INDENTURE. THE PARTIES HERETO HEREBY WAIVE ANY RIGHT THEY MAY HAVE TO REQUIRE A TRIAL BY JURY OF ANY PROCEEDING COMMENCED IN CONNECTION WITH THIS INDENTURE.

1.10 Counterparts

This Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute one and the same instrument.

1.11 Indenture Referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement

This is the Indenture referred to in the Declaration of Trust and the Master Transfer and Servicing Agreement.

1.12 Non-Business Days

Whenever any payment to be made hereunder shall be stated to be due, any period of time would begin or end, any calculation is to be made or any other action to be taken hereunder shall be stated to be required to be taken, on a day other than a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) such payment shall be made, such period of time shall begin or end, such calculations shall be made and such other action shall be taken on the next succeeding Business Day.

1.13 Interest Act

For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Indenture that is calculated on any basis other than a full calendar year is equivalent may be determined by multiplying such rate by a fraction, the numerator of which is the actual number of days in the calendar year in which such yearly rate of interest is to be ascertained and the denominator of which is the number of days comprising such other basis. The parties further agree that for the purposes of the *Interest Act* (Canada), (i) the principle of deemed reinvestment of interest shall not apply to any interest calculation under this Indenture or the Notes, and (ii) the rates of interest stipulated in this Indenture or the Notes are intended to be nominal rates and not effective rates or yields.

1.14 Currency

Unless stated otherwise, all amounts herein are stated in Dollars.

1.15 References to Acts of the Issuer

For greater certainty, where any reference is made in this Indenture, or in any other instrument executed pursuant hereto or contemplated hereby to which the Issuer or the Issuer Trustee, as trustee of the Issuer, is party, to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against, or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to (i) the Issuer or (ii) the Issuer Trustee, such reference shall be construed and applied for all purposes as if it referred to an act to be performed by, an appointment to be made by, an obligation or liability of, an asset or right of, a discharge or release to be provided by, a suit or proceeding to be taken by or against or a covenant, representation or warranty (other than relating to the constitution or existence of the Issuer) by or with respect to, the Issuer Trustee as trustee of the Issuer.

1.16 Judgment Currency

(a) If for the purpose of obtaining judgment in any court or for any other purposes (other than conversions specifically provided for in this Indenture), it is necessary to convert any amount due under this Indenture from the currency in which it is due (the "**Original Currency**") into another currency (the "**Second Currency**"), the rate of exchange applied shall be that at which, in accordance with normal banking procedures, the purchaser could purchase, in the New York foreign exchange market, the Original Currency with the Second Currency on the date on which judgment is given. The obligation of the Issuer in respect of any Original Currency due from it to the Indenture Trustee under this Indenture shall, notwithstanding any judgment or payment in such other currency, be discharged only to the extent that, on the Business Day following receipt of any sum so paid or adjudged to be due under this Indenture in the Second Currency, the Indenture Trustee may, in accordance with normal banking procedures, purchase in the New York foreign exchange market the Original Currency with the amount of the Second Currency so paid or so adjudged to be due; and if the amount of the Original Currency so purchased is less than the amount originally due in the Original Currency, the Issuer shall indemnify the Indenture Trustee against such loss.

(b) The term "**rate of exchange**" in this Section 1.16 means the spot rate at which the Indenture Trustee, in accordance with normal practice, is able on the relevant date to purchase the Original Currency with the Second Currency and includes any premium and costs of exchange payable in connection with such purchase.

ARTICLE II
COLLATERAL

2.01 Security for Obligations Secured

As security for the due payment of all Obligations Secured including, without limitation, all principal of and interest, if any, on the Notes from time to time issued and certified under this Indenture and on any Borrowings, and the performance by the Issuer of all of the obligations of the Issuer in relation thereto, the Issuer hereby:

(a) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, as and by way of a fixed and specific mortgage, assignment, pledge, hypothec and charge and grants to the Indenture Trustee for the benefit and security of the applicable Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of its right, title and interest, whether now owned or hereafter acquired, in and to the following:

(i) the Issuer Investment Interest;

(ii) each Issuer Account (including all Sub-Accounts of each Issuer Account);

(iii) all Eligible Investments and all investment property, money and other property held in the Issuer Accounts (including any Sub-Accounts of each Issuer Account);

(iv) all rights, benefits and powers of the Issuer under any Program Agreement;

(v) all rights, benefits and powers of the Issuer under the Act and all regulations promulgated thereunder;

(vi) all present and future claims, demands, causes of and choses in action in respect of any of the foregoing and all interest, principal, payments and distributions of any nature or type on any of the foregoing;

(vii) all accounts, general intangibles, chattel paper, instruments, documents, goods, money, investment property, deposit accounts, letters of credit and letter-of-credit rights consisting of, arising from, or relating to any of the foregoing;

(viii) all debts, accounts, claims, monies and choses in action due or to become due with respect to all of the foregoing and also all securities, bills, notes, evidences of deposits of money, and other documents now held or owned or which may be hereafter taken, held or owned by the Issuer, or anyone on behalf of the Issuer, and all renewals thereof, accretions thereto, substitutions therefor and all interest, income and revenue arising therefrom or by virtue thereof;

(ix) all amounts received with respect to all of the foregoing; and

(x) all proceeds of the foregoing; and

(b) mortgages, charges, pledges, grants, transfers, assigns, hypothecates and sets over unto the Indenture Trustee, for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a floating charge over, and grants to the Indenture Trustee for the benefit and security of the Specified Creditors and the Indenture Trustee, in its individual capacity, a security interest in all of the property, assets and undertaking now owned or hereafter acquired by the Issuer.

The property described in the preceding sentence is collectively referred to as the "**Collateral**".

The Indenture Trustee acknowledges the grant of such Security Interest, and accepts the Collateral in trust hereunder in accordance with the provisions hereof and agrees to perform the duties herein such that the interests of the Specified Creditors may be adequately and effectively protected.

To have and to hold the Collateral and all rights hereby conferred unto the Indenture Trustee, its successors and assigns forever but in trust nevertheless for the benefit of the Specified

Creditors and the Indenture Trustee, in its individual capacity, and for the uses and purposes and subject to the terms and conditions herein set forth.

The Issuer acknowledges that value has been given and that the security granted shall attach and be effective on the date of execution of this Indenture and when the Issuer has rights in the Collateral, whether or not the monies and the Notes or any other evidence of Obligations Secured or any part thereof hereby secured or intended to be hereby secured shall be advanced or issued before or after or upon the date of the execution of this Indenture.

2.02 Recording, Etc.

(a) The Issuer intends the Security Interest granted pursuant to this Indenture in favor of the Indenture Trustee to be prior to all other Liens in respect of the Collateral. The Issuer will take all actions necessary to maintain a perfected Lien on the Collateral in favor of the Indenture Trustee.

(b) The Indenture Trustee shall hold each item of the Collateral separate and apart from all other property held by the Indenture Trustee.

(c) The Issuer will from time to time execute, authorize and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, instruments of further assurance and other instruments, all as prepared by the Issuer, and will take such other action necessary or advisable to:

(i) grant the Security Interest more effectively in all or any portion of the Collateral;

(ii) maintain or preserve the Security Interest (and the priority thereof) created by this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of or protect the validity of any grant made or to be made by this Indenture;

(iv) enforce its rights under the Investment Asset, the IESO Security Agreement, any Derivative Agreement, any Credit Enhancement Agreement, any Liquidity Agreement and each other instrument or agreement designated for inclusion in the Collateral;

(v) preserve and defend title to the Collateral and the rights of the Indenture Trustee in the Collateral against the claims of all Persons; or

(vi) pay all Taxes levied or assessed upon the Collateral when due.

(d) The Issuer will from time to time promptly pay and discharge all PPSA recording and filing fees, charges and Taxes relating to this Indenture, any amendments hereto and any other instruments of further assurance.

(e) Without limiting the generality of subsection 2.02(c) or (d):

(i) The Issuer will cause this Indenture, all amendments and supplements hereto and all financing statements and all amendments to such financing statements and any other necessary documents covering the Indenture Trustee's right, title and interest in and to the Collateral to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by applicable law fully to preserve and protect the right, title and interest of the Indenture Trustee in and to all property comprising the Collateral. The Issuer will deliver to the Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies the filing of any such financing statements (or amendments of financing statements) that were filed prior to the execution hereof.

(ii) The Issuer shall not change its name, its jurisdiction of formation or its type of organization unless it has first (A) made all filings and taken all actions in all relevant jurisdictions under the PPSA and other applicable law as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral, and (B) delivered to the Indenture Trustee an Opinion of Counsel to the effect that all necessary filings have been made under the PPSA (and where applicable, the equivalent thereof) in all relevant jurisdictions as are necessary to continue and maintain the first priority perfected Security Interest of the Indenture Trustee in the Collateral.

2.03 Use of Collateral

Subject to the express terms of this Indenture, until the Issuer Funding Obligations have become due and payable pursuant to Section 8.02, the Issuer will be permitted to possess and use the Collateral in connection with the activities of the Issuer, including, without limitation, the right to (a) exercise all of its rights and perform all of its obligations under each Program Agreement without consultation with or the consent of the Indenture Trustee, and (b) use the funds in any Issuer Account for any purpose not in violation of this Indenture or the Program Agreements.

2.04 Suits To Protect the Collateral

Subject to the provisions of this Indenture, the Indenture Trustee will have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of this Indenture, and such suits and proceedings as the Indenture Trustee may deem expedient to preserve or protect the interests of the Specified Creditors and the interests of the Indenture Trustee in the Collateral

(including the power to institute and maintain suits or proceedings to restrain the enforcement of, or compliance with, any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Security Interest or be prejudicial to the interests of the Specified Creditors or the Indenture Trustee).

2.05 Purchaser Protected

In no event will any purchaser in good faith of any property purported to be released hereunder be bound to ascertain the authority of the Indenture Trustee to execute the release or to inquire as to the satisfaction of any conditions required by the provisions hereof for the exercise of such authority or to see to the application of any consideration given by such purchaser or other transferee; nor will any purchaser or other transferee of any property or rights permitted by this Article II to be sold be under any obligation to ascertain or inquire into the authority of the Issuer to make any such sale or other transfer.

2.06 Powers Exercisable by Receiver or Indenture Trustee

In case the Collateral shall be in the possession of a receiver or trustee lawfully appointed, the powers conferred in this Article II upon the Issuer with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Issuer or of any officer or officers thereof required by the provisions of this Article II.

2.07 Determinations Relating to Collateral

In the event (i) the Indenture Trustee shall receive any written request from the Issuer for consent or approval with respect to any matter or thing relating to any Collateral or the Issuer's obligations with respect thereto, (ii) there shall be due to or from the Indenture Trustee under the provisions hereof any performance or the delivery of any instrument, or (iii) the Indenture Trustee shall become aware of any nonperformance by the Issuer of any covenant or any breach of any representation or warranty of the Issuer set forth in this Indenture, then, in each such event, the Indenture Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Indenture Trustee on the manner in which the Indenture Trustee should respond to such request or render any requested performance or response to such nonperformance or breach (the expenses of which will be reimbursed to the Indenture Trustee pursuant to Section 9.05). The Indenture Trustee will be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney, or agreed to by Extraordinary Resolution of Debtholders of Controlling Class Obligations.

2.08 Satisfaction and Discharge of Indenture

(a) The Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes or for any other purpose, pay, or by an Issuer Certificate direct any Paying Agent to pay, to the Indenture Trustee all sums held in trust by the Issuer or such Paying Agent in respect of each and every Class, Series or Tranche of Funding Obligations as to which it seeks to discharge this Indenture or, if for any other purpose, all sums

so held in trust by the Issuer in respect of all Notes, such sums to be held by the Indenture Trustee upon the same trusts as those upon which such sums were held by the Issuer or such Paying Agent; and, upon such payment by any Paying Agent to the Indenture Trustee, such Paying Agent will be released from all further liability with respect to such money.

(b) This Indenture will cease to be of further effect with respect to any Class, Series or Tranche of Funding Obligations (except as to any surviving rights of transfer or exchange of Notes of that Class, Series or Tranche expressly provided for herein or in any form of Note for that Class, Series or Tranche), and the Indenture Trustee, on demand of and at the expense of the Issuer, will execute proper instruments acknowledging satisfaction and discharge of this Indenture as to that Class, Series or Tranche, when:

(i) all Notes of that Class, Series or Tranche theretofore outstanding (other than (A) Notes of that Class, Series or Tranche which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 16.05(b), and (B) Funding Obligations of that Class, Series or Tranche for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Issuer and thereafter repaid to the Issuer or discharged from that trust, as provided in Section 16.05(b)) have been delivered to the Indenture Trustee for cancellation or been cancelled;

(ii) the Issuer has paid or caused to be paid all other sums payable under the Indenture (including payments to the Indenture Trustee pursuant to Section 9.05) by the Issuer with respect to the Funding Obligations of that Class, Series or Tranche; and

(iii) the Issuer has delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture with respect to the Notes of that Class, Series or Tranche have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to any Class, Series or Tranche of Notes, the obligations of the Issuer to the Indenture Trustee with respect to that Class, Series or Tranche of Notes under Section 9.05 and the obligations of the Indenture Trustee under Sections 7.12 and 16.05(b) will survive such satisfaction and discharge.

2.09 Release of all Collateral

(a) Subject to the payment of its fees and expenses pursuant to Section 9.05, the Indenture Trustee shall, at the request of the Issuer or when otherwise required by the provisions of this Indenture, execute instruments to release Collateral from the Security Interest of this Indenture, or convey the Indenture Trustee's interest (which is held by the Indenture Trustee for the benefit of the Specified Creditors) in the same, in a manner and under circumstances which are not inconsistent with the

provisions of this Indenture. No party relying upon an instrument executed by the Indenture Trustee as provided in this Article II will be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any funds.

(b) Upon delivery of an Officer's Certificate of the Issuer certifying that all Issuer Funding Obligations and all other Obligations Secured have been satisfied and discharged by complying with the provisions of this Article II and all applicable Program Agreements, the Indenture Trustee shall execute and deliver such releases, termination statements and other instruments (in recordable form, where appropriate) as the Issuer may reasonably request evidencing the termination of the Security Interest created by this Indenture.

(c) The Issuer and the Specified Creditors shall be entitled to receive at least 10 days' written notice when the Indenture Trustee proposes to take any action pursuant to clause (a), accompanied by copies of any instruments involved, and the Indenture Trustee shall also be entitled to require, as a condition to such action, an Opinion of Counsel, stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with. Counsel rendering any such opinion may rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to the Indenture Trustee in connection with any such action.

2.10 Certain Commercial Law Representations and Warranties

The Issuer hereby makes the following representations and warranties. Such representations and warranties shall survive until the termination of this Indenture. Such representations and warranties speak of the date that a Lien in the Collateral is granted to the Indenture Trustee and shall not be waived by any of the parties to this Indenture unless the Rating Agency Condition is satisfied.

(a) This Indenture constitutes the grant of a first priority perfected Lien by the Issuer to the Indenture Trustee in the Collateral which, in the case of the existing Collateral and the proceeds thereof, is enforceable upon execution and delivery of this Indenture or, with respect to after-acquired property, as of the date such property is acquired, and which will be enforceable with respect to the Collateral hereafter and thereafter created and the proceeds thereof upon such creation. Upon the filing of the assignments, financing statements and continuation statements (and other documents where applicable) and, in the case of after-acquired Collateral and the proceeds thereof, upon its creation, the Indenture Trustee shall have a first priority perfected Lien in such property and proceeds.

(b) At the time of its grant of any Lien in the Collateral pursuant to this Indenture, the Issuer owned and had good and marketable title to such Collateral free and clear of any Lien of any other Person (other than Permitted Liens).

(c) The Issuer has caused the filing of all appropriate financing statements in the proper filing office in the Province of Ontario under applicable law in order to perfect the Security Interest.

(d) Other than the Security Interest, the Issuer has not pledged, assigned, sold, granted a Lien in, or otherwise conveyed, the Collateral. The Issuer has not authorized the filing of and is not aware of any financing statements against the Issuer that include a description of the Collateral other than any financing statement relating to the Security Interest or that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

ARTICLE III
NOTE FORMS

3.01 Forms Generally

The Notes will have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or the Related Supplemental Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with applicable laws or regulations or with the rules of any securities exchange, or as may, consistently herewith, be determined by the Issuer, as evidenced by the Issuer's execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

Definitive Notes will be typewritten, printed, lithographed or engraved or produced by any combination of these methods (with or without steel engraved borders) or may be produced in any other manner, all as determined by the Issuer, as evidenced by the Issuer's execution of such Notes, subject, with respect to the Notes of any Class, Series or Tranche, to the rules of any securities exchange on which such Notes are listed.

3.02 Forms of Notes

Before the delivery of a Note to the Indenture Trustee for authentication, the Issuer will deliver to the Indenture Trustee the Issuer Certificate by or pursuant to which such form of Note has been approved, which Issuer Certificate will have attached thereto a true and correct copy of the form of Note which has been approved thereby or, if an Issuer Certificate authorizes a specific officer or officers of the Manager to approve a form of Note, a certificate of such officer or officers approving the form of Note attached thereto. Any form of Note approved by or pursuant to an Issuer Certificate must be acceptable as to form to the Indenture Trustee, such acceptance to be evidenced by the Indenture Trustee's authentication of Notes in that form or a certificate signed by a Responsible Officer of the Indenture Trustee and delivered to the Issuer.

3.03 Form of Indenture Trustee's Certificate of Authentication

The form of Indenture Trustee's Certificate of Authentication for any Note issued pursuant to this Indenture will be substantially as follows:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Notes of the Class, Series or Tranche designated therein referred to in the within-mentioned Indenture.

BNY TRUST COMPANY OF CANADA, as Indenture Trustee,

By: _____

Authorized Signatory

Dated: _____

3.04 Notes Issuable in the Form of a Global Note

(a) If the Issuer establishes that the Notes of a particular Class, Series or Tranche are to be issued in whole or in part in the form of one or more Global Notes, then the Issuer will execute and the Indenture Trustee or its agent will, in accordance with Section 4.03 and the Issuer Certificate delivered to the Indenture Trustee or its agent thereunder, authenticate and deliver, such Global Note or Notes, which, unless otherwise provided in the Related Supplemental Indenture (i) will represent, and will be denominated in an amount equal to the aggregate Stated Principal Amount (or in the case of Discount Notes, the aggregate Stated Principal Amount at the Principal Payment Due Date of such Notes) of the Outstanding Notes of such Class, Series or Tranche to be represented by such Global Note or Notes, or such portion thereof as the Issuer will specify in an Issuer Certificate, (ii) in the case of Registered Notes, will be registered in the name of the Depository for such Global Note or Notes or its nominee, (iii) will be delivered by the Indenture Trustee or its agent to the Depository or pursuant to the Depository's instruction, (iv) if applicable, will bear a legend substantially to the following effect: (A) "Unless this Note is presented by an authorized representative of The Depository Trust Company ("**DTC**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful inasmuch as the registered owner hereof, Cede & Co., has an interest herein", or (B) "Unless this Note is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("**CDS**"), to Fair Hydro Trust (the "**Issuer**") or its agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of CDS & Co. or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), any transfer, pledge or other use hereof for value or otherwise by or to any Person is wrongful since the

registered owner hereof, CDS & Co., has a property interest in the securities represented by this Note and it is a violation of its rights for another Person to hold, transfer or deal with this Note", and (v) may bear such other legend as the Issuer, upon advice of counsel, deems to be applicable. **[NTD: Indenture Trustee to review forms of legends.]**

(b) Notwithstanding any other provisions of this Section 3.04 or of Section 4.05, and subject to the provisions of paragraph (c) below, unless the terms of a Global Note or the Related Supplemental Indenture expressly permit such Global Note to be exchanged in whole or in part for individual Notes, a Global Note may be transferred, in whole but not in part and in the manner provided in Section 4.05, only to a nominee of the Depository for such Global Note, or to the Depository, or a successor Depository for such Global Note selected or approved by the Issuer, or to a nominee of such successor Depository.

(c) With respect to Notes issued within the United States or Canada, unless otherwise specified in the Related Supplemental Indenture, or with respect to Notes issued outside the United States and Canada, if specified in the Related Supplemental Indenture:

(i) If at any time the Depository for a Global Note notifies the Issuer that it is unwilling or unable to continue as Depository for such Global Note or if at any time the Depository for the Notes for such Class, Series or Tranche ceases to be a clearing agency registered under the Securities Exchange Act, or other applicable statute or regulation, in the case of Notes issued within the United States, or ceases to be a clearing agency registered under the *Securities Act* (Ontario), or other applicable statute or regulation, in the case of Notes issued within Canada, the Issuer will appoint a successor Depository with respect to such Global Note. If a successor Depository for such Global Note is not appointed by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, the Issuer will execute, and the Indenture Trustee or its agent, upon receipt of an Issuer Certificate requesting the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange for such Global Note, will authenticate and deliver, individual Notes of such Class, Series or Tranche of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of the Global Note in exchange for such Global Note.

(ii) The Issuer may at any time and in its sole discretion determine that the Notes of any Class, Series or Tranche or portion thereof issued or issuable in the form of one or more Global Notes will no longer be represented by such Global Note or Notes. In such event the Issuer will execute, and the Indenture Trustee, upon receipt of a written request by the Issuer for the authentication and delivery of individual Notes of such Class, Series or Tranche in exchange in whole or in part for such Global Note, will authenticate and deliver individual Notes of such Class, Series or Tranche

of like tenor and terms in definitive form in an aggregate Stated Principal Amount equal to the Stated Principal Amount of such Global Note or Notes representing such Class, Series or Tranche or portion thereof in exchange for such Global Note or Notes.

(iii) If any Event of Default has occurred and is continuing and Noteholders holding more than 50% of the unpaid Outstanding Dollar Principal Amount of the Global Notes of all Series advise the Indenture Trustee and the Depository that Global Notes are no longer in the best interest of the Noteholders, the holders of Global Notes may exchange such Notes for individual Notes.

(iv) In any exchange provided for in any of the preceding three paragraphs, the Issuer will execute and the Indenture Trustee or its agent will authenticate and deliver individual Notes in definitive registered form in authorized denominations. Upon the exchange of the entire Stated Principal Amount of a Global Note for individual Notes, such Global Note will be canceled by the Indenture Trustee or its agent. Except as provided in the preceding paragraphs, Notes issued in exchange for a Global Note pursuant to this Section 3.04 will be registered in such names and in such authorized denominations as the Depository for such Global Note, pursuant to instructions from its direct or indirect participants or otherwise, will instruct the Indenture Trustee or the Note Registrar. The Indenture Trustee or the Note Registrar will deliver such Notes to the Persons in whose names such Notes are so registered.

3.05 Temporary Global Notes and Permanent Global Notes

(a) If specified in the Related Supplemental Indenture for any Series, all or any portion of a Global Note may initially be issued in the form of a single temporary global Bearer Note or Registered Note (the "**Temporary Global Note**"), without interest coupons, in the denomination of the entire aggregate principal amount of such Series and substantially in the form set forth in the exhibit with respect thereto attached to the Related Supplemental Indenture. The Temporary Global Note will be authenticated by the Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Notes in definitive form. The Temporary Global Note may be exchanged as described below or in the Related Supplemental Indenture for permanent global Bearer Notes or Registered Notes (the "**Permanent Global Notes**").

(b) Unless otherwise provided in the Related Supplemental Indenture, exchanges of beneficial interests in or security entitlements to Temporary Global Notes for beneficial interests in or security entitlements to Permanent Global Notes will be made as provided in this subsection 3.05(b). The Manager will, upon its determination of the date of completion of the distribution of the Notes of such Series, so advise the Indenture Trustee, the Issuer, the Foreign Depository, and each foreign clearing agency forthwith. Without unnecessary delay, but in any event not

prior to the Exchange Date, the Issuer will execute and deliver to the Indenture Trustee at the office of its designated agent outside Canada and the United States Permanent Global Notes in bearer or registered form (as specified in the Related Supplemental Indenture) in an aggregate principal amount equal to the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes. Bearer Notes so issued and delivered may have coupons attached. The Temporary Global Note may be exchanged for an equal aggregate principal amount of Permanent Global Notes only on or after the Exchange Date. A United States Person may exchange its beneficial interest in or security entitlement to the Temporary Global Note only for an equal aggregate principal amount of Permanent Global Notes in registered form bearing the applicable legend set forth in the form of Registered Note attached to the Related Supplemental Indenture and having a minimum denomination of 500,000 units of the applicable currency, which may be in temporary form if the Issuer so elects. The Issuer may waive the 500,000 minimum denomination requirement if it so elects. Upon any demand for exchange for Permanent Global Notes in accordance with this subsection 3.05(b), the Issuer will cause the Indenture Trustee to authenticate and deliver the Permanent Global Notes to the Noteholder (x) outside Canada or the United States, in the case of Bearer Notes and (y) according to the instructions of the Noteholder, in the case of Registered Notes. Upon receipt of such certification, the Indenture Trustee will cause the Temporary Global Note to be endorsed in accordance with subsection 3.05(d). Any exchange as provided in this Section 3.05 will be made free of charge to the Noteholders and the beneficial owners of the Temporary Global Note and to the beneficial owners of the Permanent Global Note issued in exchange, except that a Person receiving the Permanent Global Note must bear the cost of insurance, postage, transportation and the like in the event that such Person does not receive such Permanent Global Note in person at the offices of a foreign clearing agency or Foreign Depository.

(c) The delivery to the Indenture Trustee by a foreign clearing agency or Foreign Depository of any written statement referred to above may be relied upon by the Issuer and the Indenture Trustee as conclusive evidence that a corresponding certification or certifications has or have been delivered to such foreign clearing agency or Foreign Depository pursuant to the terms of this Indenture.

(d) Upon any such exchange of all or a portion of the Temporary Global Note for a Permanent Global Note(s), such Temporary Global Note will be endorsed by or on behalf of the Indenture Trustee to reflect the reduction of its principal amount by an amount equal to the aggregate principal amount of such Permanent Global Note(s). Until so exchanged in full, such Temporary Global Note will in all respects be entitled to the same benefits under this Indenture as Permanent Global Notes authenticated and delivered hereunder except that the beneficial owners of such Temporary Global Note will not be entitled to receive payments of interest on the Notes until they have exchanged their beneficial interests in or security entitlements to such Temporary Global Note for Permanent Global Notes.

3.06 Beneficial Ownership of Global Notes

Until definitive Notes have been issued to the applicable Noteholders pursuant to Section 3.04 or as otherwise specified in any Related Supplemental Indenture:

(a) the Issuer and the Indenture Trustee may deal with the applicable Depository and the Depository's participants for all purposes (including the making of distributions) as the authorized representatives of the respective Note Owners; and

(b) the rights of the respective Note Owners will be exercised only through the Depository and the Depository's participants. Unless and until Notes in definitive form are issued pursuant to Section 3.04, the Depository will make book-entry transfers among the Depository's participants and receive and transmit distributions of principal and interest on the related Notes to such Depository's participants in accordance with the Depository's applicable procedures from time to time.

For purposes of any provision of this Indenture requiring or permitting Actions with the consent of, or at the direction of, Noteholders evidencing a specified percentage of the Outstanding Dollar Principal Amount of Outstanding Notes, such direction or consent may be given by Note Owners (acting through the Depository and the Depository's participants) owning interests in or security entitlements to Notes evidencing the requisite percentage of principal amount of Notes in accordance with the applicable procedures of the Depository.

3.07 Notices to Depository

Whenever any notice or other communication is required to be given to Noteholders with respect to which book-entry Notes have been issued, unless and until Notes in definitive form will have been issued to the related Note Owners, the Indenture Trustee will give all such notices and communications to the applicable clearing agency or Depository.

3.08 CUSIP Numbers

In issuing the Notes, the Issuer may use "CUSIP" numbers (if then generally in use), and, if so, the Indenture Trustee shall use such CUSIP numbers in notices of redemption as a convenience to Noteholders; provided that, subject to Section 9.01, any such notice may state that (a) no representation is made as to the correctness of such CUSIP numbers as printed on the related Notes or as contained in any notice of redemption, (b) reliance may be placed only on the other identification numbers, if any, printed on the Notes and (c) any such redemption shall not be affected by any defect in or omission of such CUSIP numbers. The Issuer will promptly provide the Indenture Trustee with written notice of any change in the CUSIP numbers for any Outstanding Note.

ARTICLE IV
THE NOTES

4.01 General Title, General Limitations, Issuable in Series, Terms of a Series or Tranche of Notes

(a) The aggregate Stated Principal Amount of Notes which may be authenticated and delivered and Outstanding under this Indenture is not limited.

(b) The Notes of any Class may be issued in one or more Series or Tranches up to an aggregate Stated Principal Amount of Notes as from time to time may be authorized by the Issuer.

(c) The Classes of Notes are as set forth in this Indenture. Each Note issued must be part of a Class and Series of Notes for purposes of allocations pursuant to this Indenture, the Related Supplemental Indenture and the Master Transfer and Servicing Agreement. A Series of Notes is created pursuant to a Supplemental Indenture. A Tranche of Notes is created pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the Supplemental Indenture for the applicable Series.

(d) Each Series of Notes shall be designated in the Related Supplemental Indenture as either Senior Notes, Subordinated Notes or Junior Subordinated Notes. If the Notes of a Series of Notes belong to different Tranches, all Notes of such Series, without regard to the Tranche they are included in, shall be Senior Notes, Subordinated Notes or Junior Subordinated Notes, as applicable to the Series of Notes.

(e) Each Series of Notes may consist of a single Tranche or may be subdivided into multiple Tranches. Notes of a single Series of a Class will belong to different Tranches if they have different terms and conditions. With respect to any Series of Notes, Notes which have identical terms, conditions and Tranche designation will be deemed to be part of a single Tranche of Notes.

(f) Before the initial issuance of Notes of each Series or Tranche, there shall also be established in or pursuant to a Supplemental Indenture or pursuant to a Terms Document related to the applicable Supplemental Indenture, provision for:

(i) The Class in respect of such Series;

(ii) the Series designation;

(iii) the Stated Principal Amount of the Notes;

(iv) whether such Notes are of a particular Tranche of Notes;

(v) the currency or currencies in which such Notes will be denominated and in which payments of principal of, and interest on, such Notes will or may be payable;

(vi) the price or prices at which such Series or Tranche of Notes will be issued;

(vii) the times at which such Series or Tranche of Notes may, pursuant to any optional or mandatory redemption provisions, be redeemed, and the other terms and provisions of any such redemption;

(viii) the rate per annum at which such Series or Tranche of Notes will bear interest, if any, or the formula or index on which such rate will be determined, including all relevant definitions, and the date from which interest will accrue;

(ix) each Payment Date, the Principal Payment Due Date and the Principal Payment Default Date for such Series or Tranche of Notes;

(x) the Principal Accumulation Date for such Series of Notes;

(xi) the Principal Accumulation Amounts for such Series of Notes;

(xii) the Initial Dollar Principal Amount or the Initial Currency Specific Dollar Principal Amount of such Notes, and the means for calculating the Outstanding Dollar Principal Amount or the Outstanding Currency Specific Dollar Principal Amount, as applicable, of such Series or Tranche of Notes;

(xiii) whether or not application will be made to list such Series or Tranche of Notes on any securities exchange;

(xiv) any Events of Default with respect to such Series or Tranche of Notes, if not set forth herein and any additions, deletions or other changes to the Events of Default set forth herein that will be applicable to such Series or Tranche of Notes (including a provision making any Event of Default set forth herein inapplicable to the Notes of that Series or Tranche);

(xv) if such Series or Tranche of Notes will be issued in whole or in part in the form of a Global Note or Global Notes, the terms and conditions, if any, upon which such Global Note or Global Notes may be exchanged in whole or in part for other individual Notes, and the Depository for such Global Note or Global Notes;

(xvi) if such Series or Tranche of Notes will be issued in whole or in part as Registered Notes, Bearer Notes or both, whether such Series or Tranche of Notes are to be issued with or without coupons or both;

(xvii) **[if such Series or Tranche of Notes are to have the benefit of any Derivative Agreement, the terms and provisions of such agreement;]**

(xviii) if such Series or Tranche of Notes are to have the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the terms and provisions of the applicable agreement;

(xix) the Record Date for any Payment Date of such Series or Tranche of Notes, if different from the last day of the month before the related Payment Date;

(xx) whether and under what conditions, additional amounts will be payable to Noteholders of such Series or Tranche; and

(xxi) any other terms of such Notes as stated in the Related Supplemental Indenture;

all upon such terms as may be determined in or pursuant to the Related Supplemental Indenture.

(g) The Notes of each Class, Series or Tranche will be distinguished from the Notes of each other Class, Series or Tranche in such manner, reasonably satisfactory to the Indenture Trustee, as the Issuer may determine.

(h) Any terms or provisions in respect of the Notes of any Class, Series or Tranche issued under this Indenture may be determined pursuant to this Section 4.01 by providing in the Related Supplemental Indenture for the method by which such terms or provisions will be determined.

4.02 Denominations

The Notes of each Series or Tranche will be issuable in such denominations and currency as will be provided in the provisions of this Indenture or in or pursuant to the Related Supplemental Indenture. In the absence of any such provisions with respect to the Registered Notes of any Series or Tranche, the Registered Notes of that Series or Tranche will be issued in denominations of 100,000 units of the applicable currency and integral multiples of 1,000. In the absence of any such provisions with respect to the Bearer Notes of any Series or Tranche, the Bearer Notes of that Series or Tranche will be issued in denominations of 1,000, 5,000, 50,000 and 100,000 units of the applicable currency.

4.03 Execution, Authentication and Delivery and Dating

(a) The Notes will be executed on behalf of the Issuer by a Responsible Officer of the Issuer. The signature of any Responsible Officer of the Issuer on the Notes may be manual or facsimile or may be given by other electronic means.

(b) Notes bearing the manual, facsimile or other electronic signatures of individuals who were at any time a Responsible Officer of the Issuer will bind the Issuer, notwithstanding that such individuals or any of them have ceased to hold such offices before the authentication and delivery of such Notes or did not hold such offices at the date of issuance of such Notes.

(c) At any time and from time to time after the execution and delivery of this Indenture, the Issuer may deliver Notes executed by the Issuer to the Indenture Trustee for authentication; and the Indenture Trustee will, upon request by an Issuer Certificate, authenticate and deliver such Notes as provided in this Indenture and not otherwise.

(d) Before any such authentication and delivery, the Indenture Trustee will be entitled to receive, in addition to any Officer's Certificate and Opinion of Counsel required to be furnished to the Indenture Trustee pursuant to Section 1.02, the Issuer Certificate and any other opinion or certificate relating to the issuance of the Series or Tranche of Notes required to be furnished pursuant to Section 3.02 or Article V.

(e) The Indenture Trustee will not be required to authenticate such Notes if the issue thereof will adversely affect the Indenture Trustee's own rights, duties or immunities under the Notes and this Indenture.

(f) Unless otherwise provided in the form of Note for any Series or Tranche, all Notes will be dated the date of their authentication.

(g) No Note will be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Note a Certificate of Authentication executed by the Indenture Trustee by manual signature of an authorized signatory, and such certificate upon any Note will be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

4.04 Temporary Notes

(a) Pending the preparation of definitive Notes of any Series or Tranche, the Issuer may execute, and, upon receipt of the documents required by Section 4.03, the Indenture Trustee will authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the Issuer may determine, as evidenced by the Issuer's execution of such Notes.

(b) If temporary Notes of any Series or Tranche are issued, the Issuer will cause definitive Notes of such Series or Tranche to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes of such Series or Tranche will be exchangeable for definitive Notes of such Series or Tranche upon surrender of the temporary Notes of such Series or Tranche at the office or agency of the Issuer in a Place of Payment, without charge to the Noteholder; and upon surrender for cancellation of any one or more temporary Notes the Issuer will execute and the Indenture Trustee will authenticate and deliver in exchange therefor a like Stated Principal Amount of definitive Notes of such Series or Tranche of authorized denominations and of like tenor and terms. Until so exchanged the temporary Notes of such Series or Tranche will in all respects be entitled to the same benefits under this Indenture as definitive Notes of such Series or Tranche.

4.05 Registration, Transfer and Exchange

(a) The Issuer will keep or cause to be kept a register (herein sometimes referred to as the "**Note Register**") in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Registered Notes, or of

Registered Notes of a particular Class, Series or Tranche, and for transfers of Registered Notes or of Registered Notes of such Class, Series or Tranche. Any such register will be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times, the information contained in such register or registers will be available for inspection by the Indenture Trustee at the office or agency to be maintained by the Issuer as provided in Section 13.03.

(b) Subject to Section 3.04, upon surrender for transfer of any Registered Note of any Class, Series or Tranche at the office or agency of the Issuer in a Place of Payment, the Issuer will execute, and, upon receipt of such surrendered Note, the Indenture Trustee will authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms.

(c) Subject to Section 3.04, at the option of the Noteholder, Notes of any Class, Series or Tranche may be exchanged for other Notes of such Class, Series or Tranche of any authorized denominations, of a like aggregate Stated Principal Amount, Principal Payment Due Date and Principal Payment Default Date and of like terms, upon surrender of the Notes to be exchanged at the office or agency of the Issuer in a Place of Payment. Registered Notes, including Registered Notes received in exchange for Bearer Notes, may not be exchanged for Bearer Notes. At the option of the holder of a Bearer Note, subject to applicable laws and regulations, Bearer Notes may be exchanged for other Bearer Notes or Registered Notes (of the same Class, Series and Tranche of Notes) of authorized denominations of like aggregate fractional undivided interests in the Noteholders' interest, upon surrender of the Bearer Notes to be exchanged at an office or agency of the Note Registrar located outside Canada and the United States. Each Bearer Note surrendered pursuant to this Section 4.05 will have attached thereto all unmatured coupons; provided, however, that any Bearer Note, so surrendered after the close of business on the last day of the month preceding the relevant Payment Date need not have attached the coupon relating to such Payment Date. Whenever any Notes are so surrendered for exchange, the Issuer will execute, and the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside Canada and the United States), the Notes which the Noteholders making the exchange are entitled to receive.

(d) All Notes issued upon any transfer or exchange of Notes will be the valid and legally binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such transfer or exchange.

(e) Every Note presented or surrendered for transfer or exchange will (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Note Registrar duly executed, by the Noteholder or his attorney duly authorized in writing.

(f) Unless otherwise provided in the Note to be transferred or exchanged, no service charge will be made on any Noteholder for any transfer or exchange of Notes, but the Issuer may (unless otherwise provided in such Note) require payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in connection with any transfer or exchange of Notes before the transfer or exchange will be complete, other than exchanges pursuant to Section 4.04 or Section 11.05 not involving any transfer.

(g) None of the Issuer, the Note Registrar or the Indenture Trustee shall be required (i) to issue, register the transfer of or exchange any Notes of any Class, Series or Tranche during a period beginning at the opening of business 15 days before the day of selection of Notes of such Class, Series or Tranche to be redeemed and ending at the close of business on (A) if Notes of such Class, Series or Tranche are issuable only as Registered Notes, the day of the mailing of the relevant notice of redemption of Registered Notes of such Class, Series or Tranche so selected for redemption or (B) if Notes of the Class, Series or Tranche are issuable as Bearer Notes, the day of the first publication of the relevant notice of redemption or, if Notes of the Class, Series or Tranche are also issuable as Registered Notes and there is no publication, the mailing of the relevant notice of redemption or (ii) to register the transfer or exchange of any Notes or portions thereof so selected for redemption.

(h) Notwithstanding anything herein to the contrary, the exchange of Bearer Notes into Registered Notes shall be subject to applicable laws and regulations in effect at the time of exchange; none of the Issuer, the Indenture Trustee or the Note Registrar shall exchange any Bearer Notes into Registered Notes if it has received an Opinion of Counsel that as a result of such exchanges the Issuer would suffer adverse consequences under the Canadian or United States federal income tax laws and regulations then in effect, or the income tax laws of the jurisdiction of the holder of the Bearer Note, and the Issuer has delivered to the Indenture Trustee an Issuer Certificate directing the Indenture Trustee not to make such exchanges unless and until the Indenture Trustee receives a subsequent Issuer Certificate to the contrary. The Issuer shall deliver copies of such Issuer Certificates to the Note Registrar.

(i) None of the Issuer, the Indenture Trustee, any agent of the Indenture Trustee, any Paying Agent or the Note Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership.

(j) The Issuer initially appoints the Indenture Trustee to act as Note Registrar for the Registered Notes on its behalf. The Issuer may at any time and from time to time authorize any Person to act as Note Registrar in place of the Indenture Trustee with respect to any Class, Series or Tranche of Notes issued under this Indenture.

(k) Registration of transfer of Notes containing the following legend or to which the following legend is applicable:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE TRUST INDENTURE AND THE INDENTURE SUPPLEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.

will be effected only if such transfer is made pursuant to an effective registration statement under the U.S. Securities Act, or is exempt from the registration requirements under the U.S. Securities Act. In the event that registration of a transfer is to be made in reliance upon an exemption from the registration requirements under the U.S. Securities Act other than Rule 144A under the U.S. Securities Act or Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, the transferor or the transferee will deliver, at its expense, to the Issuer and the Indenture Trustee, an investment letter from the transferee, substantially in a form appended to a Supplemental Indenture authorizing the applicable Series of Notes or such other form as the Issuer may determine, and no registration of transfer will be made until such letter is so delivered.

Notes issued upon registration or transfer of, or Notes issued in exchange for, Notes bearing the legend referred to above will also bear such legend and any other legends required by the Related Supplemental Indenture unless the Issuer, the Indenture Trustee and the Note Registrar receive an Opinion of Counsel, satisfactory to each of them, to the effect that such legend may be removed.

Whenever a Note containing the legend referred to above is presented to the Note Registrar for registration of transfer, the Note Registrar will promptly seek instructions from the Issuer regarding such transfer and will be entitled to receive an Issuer Certificate prior to registering any such transfer. The Issuer hereby agrees to indemnify the Note Registrar and the Indenture Trustee and to hold each of them harmless against any loss, liability or expense incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by them in relation to any such instructions furnished pursuant to this clause. The Indenture Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture, the Related Supplemental Indenture, or under applicable law with respect to any transfer of any interest in any Note other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

(l) By acquiring a Note, each Noteholder that is a United States Person will be deemed to represent, warrant and covenant that either: (i) it is not acquiring the Note (or any interest therein) with the assets of a Benefit Plan or a governmental, church or non-U.S. plan that is subject to any federal, state, local or other non-U.S. law that is substantially similar to Section 406 of ERISA or Section 4975 of the Internal Revenue Code ("**Similar Law**"); or (ii) (A) the Note is rated at least "BBB-" or its equivalent by a nationally recognized statistical rating agency at the time of purchase or transfer, and (B) the acquisition, holding and disposition of the Note will not give rise to a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Internal Revenue Code or a violation of any Similar Law.

4.06 Mutilated, Destroyed, Lost and Stolen Notes

(a) If (i) any mutilated Note (together, in the case of Bearer Notes, with all unmatured coupons, if any, appertaining thereto) is surrendered to the Indenture Trustee or the Note Registrar, or the Issuer, the Note Registrar or the Indenture Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Issuer, the Note Registrar or the Indenture Trustee such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the Issuer, the Note Registrar or the Indenture Trustee that such Note has been acquired by a protected purchaser, the Issuer will execute and upon its request the Indenture Trustee will authenticate and deliver (in the case of Bearer Notes, outside the United States), in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of like tenor, Class, Series or Tranche, Principal Payment Due Date, Principal Payment Default Date and Stated Principal Amount, bearing a number not contemporaneously Outstanding.

(b) In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Note, pay such Note.

(c) Upon the issuance of any new Note under this Section 4.06, the Issuer may require the payment of a sum sufficient to cover any Tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Indenture Trustee) connected therewith.

(d) Every new Note issued pursuant to this Section 4.06 in lieu of any destroyed, lost or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the destroyed, lost or stolen Note will be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Class, Series or Tranche duly issued hereunder.

(e) The provisions of this Section 4.06 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

4.07 Persons Entitled to Payment

(a) Unless otherwise provided with respect to such Note pursuant to Section 4.01, interest payable on any Registered Note will be paid to the Person in whose name that Note (or one or more Predecessor Notes) is registered at the close of business on the most recent Record Date and interest payable on any Bearer Note will be paid to the bearer of that Note (or the applicable coupon).

(b) Subject to clause (a), each Note delivered under this Indenture upon transfer of or in exchange for or in lieu of any other Note will carry the rights to interest accrued or principal accreted and unpaid, and to accrue or accrete, which were carried by such other Note.

(c) Title to any Bearer Note, including any coupons appertaining thereto, shall pass by delivery. The Issuer, the Indenture Trustee, the Manager and any agent of the Issuer, the Indenture Trustee or the Manager may treat the Person who is proved to be the owner of such Note pursuant to subsection 1.04(c) as the owner of such Note for the purpose of receiving payment of principal of and (subject to this Section 4.07) interest on such Note and for all other purposes whatsoever, whether or not such Note be overdue, and none of the Issuer, the Indenture Trustee, the Manager or any agent of the Issuer, the Indenture Trustee or the Manager will be affected by notice to the contrary.

(d) Delivery of a Note to the Paying Agent by the holder of such Note shall, upon payment thereof, be a good discharge to the Issuer of all obligations evidenced by such Note. The Paying Agent shall not be bound to enquire into the title of any such Noteholder, save as ordered by a court of competent jurisdiction or as required by statute, nor shall it be bound to see to the execution of any trust affecting the ownership of any Note or be affected by notice of any equity that may be subsisting in respect thereof.

(e) In the case of the death of one or more joint registered owners, the principal money of and interest, if any, on a Note may be paid to the survivor or survivors of such registered Noteholders whose receipt thereof, accompanied by the delivery of such Note, shall constitute a valid discharge to the Issuer and the Paying Agent.

(f) Any payment of principal or interest on any Note which is due on a day other than a Business Day shall be payable on the next succeeding Business Day without adjustment for interest thereon and such payment shall be deemed to have been made with the same force and effect as if made on the due date.

(g) Upon the Paying Agent's reasonable request therefor, the Issuer will (i) provide the Paying Agent with any information in its possession or (ii) assist the Paying Agent (to the extent necessary and it is commercially reasonable for the Issuer to do so)

to obtain information, in each case, to the extent such information is required by the Paying Agent to comply with its tax reporting and withholding obligations under applicable law with respect to payments to be made to Specified Creditors pursuant to this Indenture and the other Program Agreements, unless the Issuer is prohibited from doing so by applicable law or an obligation of confidentiality by which the Issuer is bound.

4.08 Cancellation

All Notes surrendered for payment, redemption, repurchase, transfer, conversion or exchange will, if surrendered to any Person other than the Indenture Trustee, be delivered to the Indenture Trustee and, if not already canceled, will be promptly canceled by it. The Issuer may at any time deliver to the Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly canceled by the Indenture Trustee. No Note will be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 4.08, except as expressly permitted by this Indenture. The Indenture Trustee will dispose of all canceled Notes in accordance with its customary procedures and will deliver a certificate of such disposition to the Issuer.

4.09 Protection of Notes

(a) The Indenture Trustee shall hold in safekeeping the Notes which have not been issued (but which have been delivered to the Indenture Trustee by or on behalf of the Issuer) pending receipt of an Issuer Certificate. The Indenture Trustee shall acknowledge receipt of the Notes so delivered by signing and returning to the Issuer an acknowledgement of receipt of the Notes, such acknowledgement to be in a form satisfactory to the Issuer.

(b) The Indenture Trustee's responsibility for any Notes held in its custody hereunder shall be limited to using the same diligence in physically safeguarding such Notes as it does for its own securities. The Indenture Trustee shall account for the unissued Notes held in its custody whenever so required by the Issuer. If at any time the Indenture Trustee shall discover that any of such Notes have been lost, damaged, destroyed, stolen or misappropriated, it shall promptly advise the Issuer thereof and identify, to the extent practicable, such Notes.

4.10 New Issuances of Notes

(a) There are no restrictions on the timing or amount of any additional issuance of Notes of an Outstanding Series or Tranche of a Class of Notes, so long as the conditions described in Article V are satisfied. As of the date of any additional issuance of Notes of an Outstanding Series or Tranche of Notes, the Stated Principal Amount and Outstanding Dollar Principal Amount of that Series or Tranche will be increased to reflect the principal amount of the additional Notes. If the additional Notes are a Series or Tranche of Notes that has the benefit of a Derivative Agreement, the Issuer will enter into a Derivative Agreement for the benefit of the additional Notes. In addition, if the additional Notes are a Series or Tranche of

Notes that has the benefit of any Credit Enhancement Agreement or Liquidity Agreement, the Issuer will enter into a Credit Enhancement Agreement or Liquidity Agreement, as applicable, for the benefit of the additional Notes.

(b) When issued, the additional Notes of a Series or Tranche will be identical in all respects to the other Outstanding Notes of that Series or Tranche and will be equally and ratably entitled to the benefits of this Indenture and the Related Supplemental Indenture as the other Outstanding Notes of that Series or Tranche without preference, priority or distinction; provided, however, that if such additional Notes are not fungible with such other Outstanding Notes for United States federal income tax purposes, then such additional Notes shall have a separate ISIN, CUSIP or other identifying number from such other Outstanding Notes.

4.11 Redemption

[NTD: redemption mechanics to be included.]

ARTICLE V
CONDITIONS PRECEDENT

5.01 Conditions Precedent for Incurrence of Indebtedness

On or prior to the date that the Issuer enters into a definitive agreement for the incurrence of Issuer Funding Obligations, the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee and each Rating Agency notice of the incurrence of such new Issuer Funding Obligation;

(b) the Issuer delivers to the Indenture Trustee and each Rating Agency an Issuer Certificate to the effect that:

(i) the Issuer reasonably believes that the incurrence of the new Issuer Funding Obligation will not cause an Adverse Effect;

(ii) all instruments furnished to the Indenture Trustee conform to the requirements of this Indenture and constitute sufficient authority hereunder for the Indenture Trustee to (A) in the case of a Note issuance only, authenticate and deliver such Notes, and (B) in the case of all other Issuer Funding Obligations, execute and deliver the Related Funding Obligation Agreement(s) in accordance with Section 5.04;

(iii) in the case of a Note issuance only, the form and terms of such Notes have been established in conformity with the provisions of this Indenture;

(iv) the incurrence of such Issuer Funding Obligation is consistent in all material respects with the Financing Plan;

(v) after giving effect to the incurrence of such Issuer Funding Obligation, the estimated Finance Amount that would become due and payable during the applicable Reference Period is reasonably expected to align with the Fair Allocation Amount determined in respect of such Reference Period; and

(vi) such other matters as the Indenture Trustee may reasonably request;

(c) the representations and warranties set forth in Section 12.01 shall be true and correct in all material respects;

(d) the Rating Agency Condition shall have been satisfied with respect to the incurrence of such Issuer Funding Obligation;

(e) the Issuer delivers to the Indenture Trustee copies of the Related Funding Obligation Agreement(s), including in the case of Notes, a Supplemental Indenture, and if applicable, a Terms Document relating to the applicable Series or Tranche of Notes;

(f) each creditor for such Issuer Funding Obligation (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details;

(g) the Change of Law Protection Agreement shall be in full force and effect against the Province or has been replaced with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations pursuant to an Ordinary Resolution;

(h) the conditions precedent, if any, specified in the applicable Funding Obligation Agreement shall be satisfied;

(i) in the case of a Note issuance only, the Indenture Trustee shall have received an Issuer Certificate for the certification and delivery of such Notes and specifying the particulars relating to such Notes;

(j) in the case of Bearer Notes described in section 163(f)(2)(A) of the Internal Revenue Code, if such Notes are not in registered form (including by reason of a book entry system described in section 163(f)(3) of the Internal Revenue Code),

then such Notes shall be described in section 4701(b)(1)(B) of the Internal Revenue Code and such section shall apply to such Notes; and

(k) in the case of Foreign Currency Notes only, the Issuer shall have appointed one or more Paying Agents in the appropriate countries, if requested by the Indenture Trustee.

5.02 No Consent

Except as otherwise provided in any Funding Obligation Agreement, the Issuer and the Indenture Trustee will not be required to provide prior notice to or obtain the consent of any Debtholder to incur any additional Issuer Funding Obligations.

5.03 Conditions Precedent for the Incurrence of other Obligations Secured

On or prior to the date that the Issuer enters into any agreement that would give rise to Obligations Secured (other than Issuer Funding Obligations), the following conditions precedent shall be satisfied:

(a) the Issuer delivers to the Indenture Trustee a copy of the applicable agreement; and

(b) each counterparty to such agreement (or an authorized agent on their behalf) shall (i) have acknowledged and agreed in favour of the Indenture Trustee that it is a Specified Creditor hereunder and its entitlements as a Specified Creditor are subject to the provisions applicable to Specified Creditors under this Indenture including, without limitation, Section 7.11 (Payments Held in Trust), Section 8.12 (Limitation on Suits), Sections 7.04 and 8.13 (Payment Priorities), Section 8.14 (Limited Recourse) and Section 16.01 (No Petition), (ii) irrevocably authorize and direct the Indenture Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) as may be necessary or appropriate to further assure the priority arrangements provided for in Article VI and Sections 7.04 and 8.13, (iii) appoint the Indenture Trustee as its agent for any and all such purposes, and (iv) provide the Indenture Trustee with its notice details.

5.04 Acknowledgements

Upon receipt of an Issuer Certificate directing it to do so (provided the conditions set forth in Sections 5.01 and 5.03 have been satisfied, as certified by the Issuer), the Indenture Trustee shall execute an acknowledgement with respect to any Program Agreement or any evidence of indebtedness issued pursuant to a Program Agreement confirming that such Program Agreement or evidence of indebtedness is an Obligation Secured under this Indenture and the creditors listed in such Program Agreements are Specified Creditors for the purposes of this Indenture.

ARTICLE VI
SUBORDINATION

6.01 Subordination

The payment of all Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations and the Derivative Funding Obligations. The payment of all Junior Subordinated Funding Obligations shall be subordinate and rank junior, to the extent and in the manner set forth in this Article VI, Article VII and Article VIII, if applicable, to the prior payment in full of all amounts owing from time to time with respect to the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations. Subject to the provisions of the Related Funding Obligation Agreement, (i) prior to the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment in respect of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 7.04; and (ii) after the acceleration of the Issuer Funding Obligations pursuant to Section 8.02, payment on account of the Subordinated Funding Obligations and the Junior Subordinated Funding Obligations shall be made as provided for in Section 8.13.

6.02 Subrogation to Senior Funding Obligations and Derivative Funding Obligations

(a) Subject to the payment in full of the Senior Funding Obligations and the Derivative Funding Obligations or the making of due provision for such payment, the Debtholders of Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Subordinated Funding Obligations shall be paid in full.

(b) Subject to the payment in full of the Senior Funding Obligations, the Derivative Funding Obligations and the Subordinated Funding Obligations or the making of due provision for such payment, the Debtholders of Junior Subordinated Funding Obligations shall be subrogated to the rights of the Debtholders of Senior Funding Obligations and Subordinated Funding Obligations, and Derivative Counterparties, to receive payments or distributions of assets of the Issuer, to the extent of the application thereto of moneys or other assets which would have been received by the Debtholders of Junior Subordinated Funding Obligations but for the provisions of this Article VI, until the principal of and interest on the Junior Subordinated Funding Obligations shall be paid in full.

6.03 Rights of Specified Creditors Preserved

The provisions of this Article VI are and are intended solely for the purpose of defining the relative rights of the Debtholders of Senior Funding Obligations, Subordinated Funding

Obligations and Junior Subordinated Funding Obligations, and Derivative Counterparties, as applicable. Nothing in this Article VI is intended to or shall impair the obligation of the Issuer, subject to the rights of the Debtholders of Senior Funding Obligations and Derivative Counterparties, to pay the Subordinated Funding Obligations and Junior Subordinated Funding Obligations as and when the same shall become due and payable in accordance herewith, or affect the relative rights of the Debtholders of Subordinated Funding Obligations and Junior Subordinated Funding Obligations, and creditors of the Issuer other than Debtholders of such Senior Funding Obligations and Derivative Counterparties, nor shall anything in this Article VI prevent the Indenture Trustee or such Debtholders from exercising all remedies otherwise permitted by this Indenture, subject to the rights (if any) under this Article VI of Debtholders of Senior Funding Obligations, Derivative Counterparties and the Indenture Trustee on their behalves in respect of any payment or distribution of cash, property or securities of the Issuer received upon the exercise of any such remedy.

6.04 Renewal or Extension of Senior Funding Obligations

(a) Except as provided in this Indenture or the Related Funding Obligation Agreement, Debtholders of Senior Funding Obligations and Derivative Counterparties may at any time in their discretion renew or extend the time of payment of their Issuer Funding Obligations or exercise any other of their rights in respect thereof, including, without limitation, the waiver of an Event of Default thereunder, all without notice to or assent from the Debtholders of the Subordinated Funding Obligations or Junior Subordinated Funding Obligations, or the Indenture Trustee.

(b) No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of any Senior Funding Obligations, Derivative Funding Obligations or of any of the terms, covenants or conditions of any Related Funding Obligation Agreement under which any Senior Funding Obligations or Derivative Funding Obligations shall have been issued, shall in any way alter or affect any of the provisions of this Article VI.

ARTICLE VII
ISSUER ACCOUNTS AND INVESTMENTS; ORDINARY COURSE ALLOCATIONS

7.01 Available Collections

Except as otherwise expressly provided in this Indenture, the Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance from any fiscal agent or other intermediary, all money and other property payable to or receivable by the Indenture Trustee pursuant to this Indenture including, without limitation, all funds and other property payable to the Indenture Trustee in connection with the Collateral. The Indenture Trustee will hold all such money and property received by it as part of the Collateral and will apply it, or cause it to be applied, as provided in this Indenture and any applicable Program Agreement.

7.02 Issuer Accounts

(a) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Collection Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All Available Collections received shall be credited to the Collection Account. The Collection Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Collection Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 calendar days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Collection Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Collection Account to such new Collection Account. From the date each such new Collection Account is established, it shall be the "Collection Account."

(b) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Interest Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Interest Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Interest Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Interest Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Interest Accumulation Account to such new Interest Accumulation Account. From the date each such new Interest Accumulation Account is established, it shall be the "Interest Accumulation Account." The Interest Accumulation Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(c) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Principal Accumulation Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Principal Accumulation Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Principal Accumulation Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer

period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Principal Accumulation Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Principal Accumulation Account to such new Principal Accumulation Account. From the date each such new Principal Accumulation Account is established, it shall be the "Principal Accumulation Account." The Principal Accumulation Account is a "capital account" under, and as defined under, the Fair Hydro Regulations.

(d) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Program Cash Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. The Program Cash Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Program Cash Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 days, so long as the Rating Agency Condition is satisfied) establish a new Program Cash Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Program Cash Reserve Account to such new Program Cash Reserve Account. From the date each such new Program Cash Reserve Account is established, it shall be the "Program Cash Reserve Account." The Program Cash Reserve Account is a "finance reserve account" under, and as defined under, the Fair Hydro Regulations.

(e) On or before the date hereof, the Issuer shall cause to be established and maintained an Eligible Deposit Account (the "**Refinancing Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the Specified Creditors. All proceeds arising from Notes and Borrowings related to Refinancings shall be deposited to the Refinancing Account. For greater certainty, the Refinancing Account may contain Sub-Accounts to account for proceeds in different currencies. The Refinancing Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the Specified Creditors. If, at any time, the institution holding the Refinancing Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Refinancing Account that is an Eligible Deposit Account and shall transfer any funds or other property from such Refinancing Account to such new Refinancing Account. From the date each such new Refinancing Account is established, it shall be the "Refinancing Account."

(f) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible

Deposit Account (a "**Series Capital Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Capital Reserve Account may be established for the sole purpose of allowing the Issuer to accumulate funds to be used to make repayments in respect of Issuer Funding Obligations. Details of any period of accumulation and the amounts to be accumulated shall be specified in the Related Funding Obligation Agreement. Payments of Available Collections out of the Collection Account shall be credited to a Series Capital Reserve Account, to the extent that there is a requirement for funds in such Series Capital Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Capital Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Capital Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Capital Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Capital Reserve Account. From the date each such new Series Capital Reserve Account is established, it shall be a "Series Capital Reserve Account." Each Series Capital Reserve Account shall be a "capital account" under, and as defined under, the Fair Hydro Act Regulations.

(g) From time to time in connection with the creation of any Series of Issuer Funding Obligations, the Issuer may cause to be established and maintained an Eligible Deposit Account (a "**Series Finance Reserve Account**") in the name of the Indenture Trustee, bearing a designation clearly indicating that the funds and other property credited thereto are held for the benefit of the Indenture Trustee and the applicable Specified Creditors. A Series Finance Reserve Account may be established for the purpose of allowing the Issuer to reserve funds to pay finance charges (including, without limitation, interest and payments under Derivative Agreements) for a Series of Issuer Funding Obligations. Payments of Available Collections out of the Collection Account shall be credited to a Series Finance Reserve Account, to the extent that there is a requirement for funds in such Series Finance Reserve Account, in accordance with the terms of the applicable Funding Obligation Agreement and Section 7.04. Each Series Finance Reserve Account shall be under the control of the Indenture Trustee for the benefit of the Indenture Trustee and the applicable Specified Creditors. If, at any time, the institution holding a Series Finance Reserve Account ceases to be an Eligible Institution, the Manager shall notify the Indenture Trustee, and the Indenture Trustee upon being notified in writing of such ineligibility (or the Manager on its behalf) shall within 30 days (or such longer period, not to exceed 45 calendar days, so long as the Rating Agency Condition is satisfied) establish a new Series Finance Reserve Account that is an Eligible Deposit Account and shall transfer any funds or other property to such new Series Finance Reserve Account. From the date each such

new Series Finance Reserve Account is established, it shall be a "Series Finance Reserve Account." Each Series Finance Reserve Account shall be a "finance reserve account" under, and as defined under, the Fair Hydro Act Regulations.

7.03 Investment of Funds in the Issuer Accounts

(a) Funds credited to the Issuer Accounts will (unless otherwise stated in this Indenture or any applicable Funding Obligation Agreement) be invested and reinvested by the Indenture Trustee at the written direction of the Manager in one or more Eligible Investments. The Manager may appoint as its agent under a separate agreement a registered investment advisor and authorize such agent to give instructions on behalf of the Manager to the Indenture Trustee for funds to be invested and reinvested in one or more Eligible Investments. The Manager shall provide the Indenture Trustee with a written direction certifying any such appointment. The Indenture Trustee shall be entitled to conclusively rely on, and shall be protected in acting upon, instructions received from such agent on behalf of the Manager. The Manager (or its agent appointed pursuant to the preceding sentence) may authorize the Indenture Trustee to make specific investments pursuant to written instructions, in such amounts as the Manager will specify. Notwithstanding the foregoing, funds held by the Indenture Trustee in any of the Issuer Accounts will be invested in Eligible Investments that will mature so that a sufficient amount of such funds shall be available to the extent required to pay all Obligations Secured that are payable on the following Payment Date.

(b) All funds from time to time credited to the Issuer Accounts pursuant to this Indenture and the Funding Obligation Agreements, and all investments made with such funds, if any, are property of the Issuer until such time as they are allocated or paid to satisfy Obligations Secured and will be held by the Indenture Trustee in the Issuer Accounts as part of the Collateral as herein provided, subject to withdrawal by the Paying Agent or the Indenture Trustee for the purposes specified herein.

(c) Funds and other property in any of the Issuer Accounts will not be commingled with any other funds or property of the Issuer or the Indenture Trustee.

(d) Subject to Section 8.13, on the applicable Payment Date, all interest and earnings (net of losses and investment expenses), if any, on funds credited to the Issuer Accounts will be applied as specified in Sections 7.05 to 7.10.

(e) Subject to subsection 9.01(d), neither the Indenture Trustee nor the Manager will in any way be held liable by reason of any insufficiency in such Issuer Accounts resulting from any loss on any Eligible Investment included therein.

(f) Funds credited to the Issuer Accounts will be invested and reinvested by the Indenture Trustee as provided in the written direction of the Manager; provided,

however, that such funds shall remain uninvested upon the occurrence of any of the following events:

(i) the Manager (or its agent appointed pursuant to paragraph (a) above) shall have failed to give investment directions to the Indenture Trustee; or

(ii) an Event of Default shall have occurred and be continuing but no Issuer Funding Obligations have been declared due and payable pursuant to Section 8.02.

7.04 Allocation of Amounts on Deposit in the Collection Account

(a) All Senior Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Senior Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Subordinated Funding Obligations of each Series or Tranche will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date of the Subordinated Funding Obligations of such Series or Tranche, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement. All Junior Subordinated Funding Obligations of each Series or Tranche under this Indenture will in all respects be equally and ratably entitled to the benefits hereof with respect to such Series or Tranche without preference, priority or distinction on account of (i) the actual time of the incurrence, (ii) the Principal Payment Due Date, (iii) the Principal Payment Default Date, or (iv) the Principal Accumulation Date of such Series or Tranche, except as specified in the Related Funding Obligation Agreement.

(b) On each Payment Date, Available Collections credited to the Collection Account since the previous Payment Date will be distributed in accordance with Section 7.04(e).

(c) If any amount below is payable on a date other than a Payment Date, prior to such payment being made, an amount will be reserved in the Collection Account equal to the amount estimated by the Manager in its commercially reasonable judgment, based upon amounts then known and/or reasonably expected to be or become payable on or before the next Payment Date, to be the aggregate amount of items *pari passu* or more senior in priority than such obligation, calculated on a *pro forma* basis, and if, due to such reservation of funds, there are insufficient funds available in the Collection Account to make such payment, such payment will be made only on the following Payment Date (and then only if funds are available pursuant to this Section 7.04).

(d) In the event of non-payment on any Payment Date of any amounts referred to in subsection 7.04(e), such amounts shall remain due and shall be payable on each subsequent Payment Date in the order of priority provided for in subsection 7.04(e), subject to Section 8.13.

(e) Subject to Section 8.13, on each Payment Date, any amount standing to the credit of the Collection Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Payment Date, *pro rata* in proportion to the claims represented by each subclause except as otherwise specifically provided below:

(i) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(ii) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of any amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[2] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

(iii) Third, on a *pro rata* basis (A) to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(iv) Fourth, on a *pro rata* basis (A) to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Senior) for such Payment Date, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(v) Fifth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Senior Funding Obligations,

(vi) Sixth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Senior);

(vii) Seventh, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement, other than any Series Capital Account or Series Finance Reserve Account related solely to

[2] To be confirmed.

Subordinated Funding Obligations or Junior Subordinated Funding Obligations;

(viii) Eighth, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(ix) Ninth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Subordinated) for such Payment Date;

(x) Tenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Subordinated) for such Payment Date,

(xi) Eleventh, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Subordinated Funding Obligations;

(xii) Twelfth, to deposit to the Program Cash Reserve Account, the Program Cash Reserve Required Deposit Amount (Subordinated);

(xiii) Thirteenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Account or Series Finance Reserve Account as required by any Related Funding Obligation Agreement related solely to Subordinated Funding Obligations;

(xiv) Fourteenth, to transfer to the Interest Accumulation Account, the Interest Accrual Amount (Junior Subordinated) for such Payment Date,

(xv) Fifteenth, to transfer to the Principal Accumulation Account, the Principal Accumulation Amount (Junior Subordinated) for such Payment Date,

(xvi) Sixteenth, to Debtholders, on a *pro rata* basis, all fees and other amounts (other than interest or principal) due and payable on the Junior Subordinated Funding Obligations;

(xvii) Seventeenth, to transfer such amounts as is sufficient to replenish, on a *pro rata* basis, any Series Capital Accounts or Series Finance Reserve Accounts as required by any Related Funding Obligation Agreement related solely to Junior Subordinated Funding Obligations;

(xviii) Eighteenth, to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(xix) Nineteenth, to the Issuer Trustee for the account of the beneficiaries of the Issuer, such amount as is required pursuant to the Declaration of Trust, provided that such amount shall at no time be less than $100 in any Monthly Period;

(xx) Twentieth, on a *pro rata* basis (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity amounts owing and not previously paid pursuant to clause (i); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity; and

(xxi) Twenty-First, any amounts remaining: (i) to be held in the Collection Account for distribution in the above order of priority on the succeeding Payment Date (or for distribution prior thereto as permitted or required pursuant to this Indenture); or (ii) after the final Issuer Funding Obligation has been paid in full and discharged, and all of the other foregoing amounts are paid in full, together with all amounts due to the Indenture Trustee under Section 9.05 or otherwise, to the Issuer or as the Issuer designates.

7.05 Allocation of Amounts on Deposit in Interest Accumulation Account

Subject to Sections 7.07 and 8.13, on each Interest Payment Date, any amount on deposit in the Interest Accumulation Account will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Interest Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on the Senior Funding Obligations on such Interest Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Subordinated Funding Obligations shall be made under this Section 7.05(b) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Interest Payment Date, and (y) the amount on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of the Interest Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of all interest due and payable on Junior Subordinated Funding Obligations on such Interest Payment Date; provided that no payment of interest on Junior Subordinated Funding Obligations shall be made under this Section 7.05(c) unless, after making such payment (x) the amount remaining on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and the Subordinated Funding Obligations as of such Interest Payment Date; and (y) the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation

Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Interest Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Interest Accumulation Account for distribution in the above order of priority on the succeeding Interest Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full including all interest thereon any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Interest Accumulation Account shall be applied in accordance with Section 8.13.

7.06 Allocation of Amounts on Deposit in Principal Accumulation Account

Subject to Section 8.13, on each Principal Payment Date, any amount on deposit in the Principal Accumulation Account and any amounts transferred pursuant to Section 7.07 will be distributed by the Paying Agent in the order of priority specified below, based upon the Payment Instructions received from the Manager in respect of such Principal Payment Date:

(a) Firstly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date;

(b) Secondly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the Required Principal Accumulation Amount (Senior) as of such Principal Payment Date;

(c) Thirdly, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of Junior Subordinated Funding Obligations payable on such Principal Payment Date; provided that no payment of principal on Junior Subordinated Funding Obligations shall be made under this Section 7.06(b) unless, after making such payment, the amount remaining on deposit in the Principal Accumulation Account equals or exceeds the sum of the Required Principal Accumulation Amount (Senior) and the Required Principal Accumulation Amount (Subordinated) as of such Principal Payment Date; and

(d) Fourthly, any amounts remaining: (i) to be held in the Principal Accumulation Account for distribution in the above order of priority on the succeeding Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e);

provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Principal Accumulation Account shall be applied in accordance with Section 8.13.

7.07 Transfers from Interest Accumulation Account to Principal Accumulation Account

(a) If on any Principal Payment Date, the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations and Subordinated Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Subordinated/Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Subordinated/Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations and Subordinate Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

(b) If on any Principal Payment Date after making any transfer contemplated by subsection 7.07(a), the amount on deposit in the Principal Accumulation Account is less than the aggregate outstanding principal amount of Senior Funding Obligations payable on such Principal Payment Date (the deficiency being a "**Senior Principal Shortfall**"), an amount equal to the lesser of:

(i) the Senior Principal Shortfall, and

(ii) the amount, if any, by which the amount on deposit in the Interest Accumulation Account equals or exceeds the amount of accrued and unpaid interest on the Senior Funding Obligations as of such Principal Payment Date,

shall be transferred from the Interest Accumulation Account to the Principal Accumulation Account on such Principal Payment Date.

7.08 Allocation of Amounts on Deposit in Program Cash Reserve Account

(a) On each Interest Payment Date, amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Interest Accumulation Account is less than the amount of interest due and payable on the Senior Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Senior Funding Obligations on such Interest Payment Date,

(ii) Secondly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(b) is less than the amount of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Interest Accumulation Account under Section 7.05(c) is less than the amount of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date, an amount equal to such deficiency shall be applied to the payment of interest due and payable on the Junior Subordinated Funding Obligations on such Interest Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(b) On each Principal Payment Date (and if the Principal Payment Date is also an Interest Payment Date, after making the applications provided for in subsection 7.08(a) and Section 7.07), amounts on deposit in the Program Cash Reserve Account shall be applied in the following order of priority:

(i) Firstly, to the extent that the amount on deposit in the Principal Accumulation Account is less than the amount of principal due and payable on the Senior Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Senior Funding Obligations on such Principal Payment Date;

(ii) Secondly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(b) is less than the amount of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall be applied to the payment of principal due and payable on the Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the Program Cash Reserve Required Amount (Senior), and

(iii) Thirdly, to the extent that the amount available from the Principal Accumulation Account under Section 7.06(c) is less than the amount of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date, an amount equal to such deficiency shall

be applied to the payment of principal due and payable on the Junior Subordinated Funding Obligations on such Principal Payment Date; provided that after making such payment, the amount remaining on deposit in the Program Cash Reserve Account is equal to or greater than the sum of the Program Cash Reserve Required Amount (Senior) and the Program Cash Reserve Required Amount (Subordinated).

(c) Any amounts remaining after making the applications referred to in subsection 7.08(a) and subsection 7.08(b): (i) to be held in the Program Cash Reserve Account for distribution under this Section 7.08 on the succeeding Interest Payment Date or Principal Payment Date; or (ii) after the final Issuer Funding Obligation has been repaid in full, any amounts remaining shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts in the Program Cash Reserve Account shall be applied in accordance with Section 8.13.

7.09 Refinancing

(a) Not less than [30] days prior the first day of the Reference Period that includes the Principal Accumulation Date in respect of a Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations, the Issuer shall, if it intends to repay all or a portion of the principal obligations of such Funding Obligation Agreement pursuant to a Refinancing, issue a Refinancing Notice to the Indenture Trustee.

(b) On completion of a Refinancing all proceeds received by the Issuer shall be deposited to the Refinancing Account.

(c) On each Payment Date, an amount shall be transferred from the Refinancing Account to the Principal Accumulation Account equal to the lesser of:

(i) The amount on deposit in the Refinancing Account; and

(ii) The Deferred Principal Accumulation Amount.

(d) After the final Issuer Funding Obligation has been repaid in full, any amounts remaining in the Refinancing Account shall be deposited to the Collection Account and applied in accordance with subsection 7.04(e); provided that upon the occurrence and during the continuance of any Event of Default and the acceleration of the Issuer Funding Obligations in accordance with Section 8.02, any amounts remaining in the Refinancing Account shall be applied in accordance with Section 8.13.

7.10 Allocation of Amounts on Deposit in the Series Accounts

If, after giving effect to payments made on any Payment Date, the amount in the Collection Account is insufficient to satisfy all amounts required to be paid to Specified Creditors on such date amounts on deposit in any Series Account may be withdrawn from such Series Account and allocated to Specified Creditors in accordance with the terms of the Related Funding Obligations Agreement.

7.11 Payments to be Held in Trust

If, notwithstanding Sections 7.04 and 8.13, any payment on Obligations Secured shall be received at any time by any Specified Creditor, other than in accordance with this Indenture, then the funds received in respect of such payment shall be held by such Specified Creditor in trust for the Issuer and the other Specified Creditors and such Specified Creditor shall forthwith remit to the Indenture Trustee such funds.

7.12 Application of Trust Money

All money and obligations deposited with the Indenture Trustee pursuant to Section 7.01 or Section 7.03 and all money received by the Indenture Trustee in respect of such obligations will be held in trust and applied by it, in accordance with the provisions of the Program Agreements in respect of which it was deposited and this Indenture, to the payment, either directly or through any Paying Agent (including the Issuer acting as its own Paying Agent) as the Indenture Trustee, at the direction of the Manager, may determine, to the Persons entitled thereto, of the principal, interest, fees and other amounts for whose payment that money and obligations have been deposited with or received by the Indenture Trustee. Money held by the Indenture Trustee in trust hereunder need not be segregated from other funds except to the extent required by this Indenture or by applicable law. The Indenture Trustee will be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Issuer.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default

[NTD: to be determined if certain events of default should be triggered on a series by series basis.]

"**Event of Default**," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it will be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(a) a default by the Issuer in the payment of any interest on any Controlling Class Obligations when such interest becomes due and payable, and continuance of such default for a period of [5] days following the date on which such interest became due and payable;

(b) a default by the Issuer in the payment of any principal of any Controlling Class Obligations at its Principal Payment Default Date;

(c) any representation or warranty contained in Section 12.01 proves to be incorrect in any material respect when made and such incorrect representation or warranty if capable of being remedied by the Issuer, has not been remedied for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(d) a default in the performance, or breach, of any covenant of the Issuer in this Indenture in respect of any Controlling Class Obligations (other than an agreement, covenant or warranty a default in the performance of which or the breach of which is elsewhere specifically dealt with in this Section 8.01), all of such covenants in this Indenture which are not expressly stated to be for the benefit of a particular Series of Issuer Funding Obligations being deemed to be in respect of all Series of Issuer Funding Obligations for this purpose, and continuance of such default or breach for a period of 60 days after notice thereof has been given, by registered or certified mail, to the Issuer by the Indenture Trustee or to the Issuer and the Indenture Trustee by Debtholders holding at least 25% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations, a written notice specifying such default or breach and requesting it to be remedied and stating that such notice is a "Notice of Default" hereunder and, as a result of such default, the interests of such Debtholders are materially and adversely affected and continue to be materially and adversely affected during the 60-day period;

(e) an Insolvency Event in respect of the Issuer;

(f) the Change of Law Protection Agreement ceases to be in full force and effect against the Province and if the Province does not, within 10 days of receipt of notice of such agreement not being in full force and effect, cause such agreement to be in full force and effect or replace such agreement with a new agreement that is in form and substance satisfactory to Debtholders of Controlling Class Obligations, acting reasonably, pursuant to an Ordinary Resolution;

(g) the validity of the Change of Law Protection Agreement or the applicability thereof to the Province or to any Controlling Class Obligations or any other obligations purported to be secured thereby or any material part thereof shall be disaffirmed in writing by or on behalf of the Province; or

(h) any additional event of default specified in a Funding Obligation Agreement in respect of Controlling Class Obligations.

For greater certainty, failure to pay amounts owing pursuant to a Derivative Agreement shall not constitute an Event of Default.

8.02 Acceleration of Maturity; Rescission and Annulment

[NTD: to be determined if acceleration should be determined on a series by series basis.]

(a) If an Event of Default (other than an Event of Default described in clause (e), (f) or (g) of Section 8.01) occurs and is continuing, then and in each and every such case, unless the principal of all the Controlling Class Obligations shall have already become due and payable, either the Indenture Trustee or Debtholders holding not less than 50% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations (treated as one class), by notice in writing to the Issuer (and to the Indenture Trustee if given by such Debtholders), may declare the Outstanding Dollar Principal Amount of all Issuer Funding Obligations (other than Derivative Funding Obligations) and all interest accrued or principal accreted and unpaid (if any) thereon to be due and payable immediately, and upon any such declaration the same will become and will be immediately due and payable, notwithstanding anything in this Indenture or any Funding Obligation Agreement to the contrary.

(b) If an Event of Default described in clause (e), (f) or (g) of Section 8.01 occurs and is continuing, then all Series of Issuer Funding Obligations (other than Derivative Funding Obligations) will automatically be and become immediately due and payable by the Issuer, without notice or demand to any Person, and the Issuer will automatically and immediately be obligated to pay off the Issuer Funding Obligations.

(c) At any time after such a declaration of acceleration has been made or an automatic acceleration has occurred with respect to the Issuer Funding Obligations (other than Derivative Funding Obligations) and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article VIII, Debtholders of Controlling Class Obligations may, by Extraordinary Resolution, rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay (A) all overdue installments of interest on the Controlling Class Obligations, (B) the principal of any Controlling Class Obligations which have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, (C) interest upon overdue installments of interest at the rate or rates prescribed therefor by the terms of the Related Funding Obligation Agreements, to the extent that payment of such interest is lawful, and (D) all sums paid by the Indenture Trustee hereunder and the reasonable compensation, expenses and disbursements of the Indenture Trustee, its

agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05; and

(ii) all Events of Default other than the nonpayment of the principal of the Controlling Class Obligations which has become due solely by such acceleration, have been cured or waived as provided in Section 8.03.

(d) If, at any time, any Event of Default capable of being remedied has been remedied by the Issuer to the satisfaction of the Indenture Trustee: (i) the Security Interest will no longer be or be deemed to be enforceable by reason of such Event of Default; (ii) any rights which had become vested in the Indenture Trustee by virtue thereof will be and be deemed to be cancelled as fully and to the same extent as though no such Event of Default had occurred; and (iii) the Indenture Trustee will, or will instruct any receiver appointed pursuant to this Indenture to restore to the Issuer any Collateral in the possession of the Indenture Trustee or receiver, as the case may be.

(e) No such rescission will affect any subsequent default or impair any right consequent thereon.

8.03 Waiver of Past Defaults

Subject to Section 8.02(c), Debtholders of Controlling Class Obligations may, by Ordinary Resolution, waive any past default hereunder and its consequences. Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture; but no such waiver will extend to any subsequent or other default or impair any right consequent thereon.

8.04 Notice of Defaults

(a) Within 90 days after the occurrence of any Event of Default of which the Indenture Trustee has received written notice:

(i) the Indenture Trustee will transmit by mail to all Registered Noteholders, as their names and addresses appear in the Note Register, notice of such default;

(ii) the Indenture Trustee will notify all holders of Bearer Notes by publication of notice of such default in an Authorized Newspaper, or as otherwise provided in the Related Supplemental Indenture;

(iii) the Indenture Trustee will give prompt written notification thereof to the other Debtholders and all other Specified Creditors; and

(iv) the Indenture Trustee will give prompt written notification thereof to the Rating Agencies, unless such default will have been cured or waived;

provided, however, that, except in the case of a default in the payment of the principal of or interest on any Issuer Funding Obligations, the Indenture Trustee will be protected in withholding such notice if and so long as a Responsible Officer of the Indenture Trustee in good faith determines that the withholding of such notice is in the interests of the Specified Creditors.

(b) When such notice of an occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Indenture Trustee to Persons to whom notice was sent pursuant to Section 8.04(a) within a reasonable time, but not exceeding 30 days in any event, after the Indenture Trustee receives notice from the applicable Debtholders that the Event of Default has been cured.

8.05 Remedies Generally

Subject to subsections 8.02(c) and (d), and Section 8.03, if, with respect to any Controlling Class Obligations, such Controlling Class Obligation has become due and payable pursuant to Section 8.02 and the Issuer has failed to pay such Controlling Class Obligation, the Indenture Trustee (subject, however, to compliance with the provisions of Section 9.02(d) with respect to the giving of indemnity and funds) may proceed to realize upon the Security Interest and to enforce the rights of the Indenture Trustee and of the Specified Creditors to whom Obligations Secured are owed by (i) application to any court of competent jurisdiction for an order of sequestration and payment of amounts in respect of clean energy adjustments, collections or remittances in accordance with the Act, (ii) possession of the Collateral, (iii) appointment of a receiver with respect to the Collateral, (iv) proceedings in any court of competent jurisdiction for the appointment of a receiver or for sale of the Collateral or any part thereof, or for foreclosure, (v) subject to Section 10.02, exercise any of the rights of the Issuer under any of the Program Agreements, including the right to replace the Manager or the Servicer in accordance with Section 8.10, or (vi) any other action, suit, remedy or proceeding authorized or permitted by this Indenture or by applicable law or by equity.

8.06 Default Interest and Expenses

The Issuer covenants that if:

(a) the Issuer defaults in the payment of interest on any Series of Issuer Funding Obligations when such interest becomes due and payable and such default continues for a period of 65 days following the date on which such interest became due and payable, or

(b) the Issuer defaults in the payment of the principal amount of any Series of Issuer Funding Obligations on the Principal Payment Default Date thereof;

the Issuer will, upon demand of the Indenture Trustee, pay (subject to the allocation provided in this Article VIII and any Related Funding Obligation Agreement) to the Indenture Trustee, for the benefit of the Debtholders of any such Issuer Funding Obligations, the whole amount then due and payable on any such Issuer Funding Obligations for principal and interest, with interest, to the extent that payment of such interest will be legally enforceable, upon the overdue principal and

upon overdue installments of interest, (i) in the case of interest-bearing Issuer Funding Obligations, at the rate of interest applicable to the principal amount thereof, unless otherwise specified in the Related Funding Obligation Agreement; and (ii) in the case of Discount Notes, as specified in the Related Supplemental Indenture, and in addition thereto, will pay such further amount as will be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05.

If the Issuer fails to pay such amounts forthwith upon such demand, the Indenture Trustee may, if the Issuer Funding Obligations have been accelerated in accordance with Section 8.02, take immediate steps to enforce the Security Interest, including instituting, in its own name and as trustee of an express trust, a judicial proceeding seeking the appointment of a receiver or a judicial proceeding for the collection of the sums so due and unpaid, and may directly prosecute such proceeding to judgment or final decree, and the Indenture Trustee may enforce the same against the Issuer and collect the money adjudged or decreed to be payable in the manner provided by applicable law out of the Collateral, wherever situated.

8.07 Indenture Trustee May File Proofs of Claim

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy or other similar proceeding relative to the Issuer or the property of the Issuer, the Indenture Trustee (irrespective of whether the principal of the Issuer Funding Obligations will then be due and payable as therein expressed or by declaration or otherwise) will be entitled and empowered by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of principal, interest, fees and other amounts owing and unpaid in respect of the Issuer Funding Obligations and to file such other papers or documents as may be necessary and advisable in order to have the claims of the Indenture Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel and all other amounts due to the Indenture Trustee under Section 9.05) and of the Specified Creditors allowed in such judicial proceeding, and

(b) to collect and receive any funds or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator or other similar official in any such proceeding is hereby authorized by each Specified Creditor to make such payment to the Indenture Trustee, and in the event that the Indenture Trustee will consent to the making of such payments directly to the Specified Creditors, to pay to the Indenture Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Indenture Trustee, its agents and counsel, and any other amounts due to the Indenture Trustee under Section 9.05.

Nothing herein contained will be deemed to authorize the Indenture Trustee to authorize or consent to or accept or adopt on behalf of any Specified Creditor any plan of reorganization, arrangement, adjustment or composition affecting the Issuer Funding Obligations or the rights of

any Specified Creditors, or to authorize the Indenture Trustee to vote in respect of the claim of any Specified Creditor in any such proceeding.

8.08 Indenture Trustee May Enforce Claims Without Possession of Notes

All rights of action and claims under this Indenture or the Notes of any Class, Series or Tranche may be prosecuted and enforced by the Indenture Trustee without the possession of any of the Notes of such Class, Series or Tranche or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Indenture Trustee will be brought in its own name as trustee of an express trust.

8.09 Indenture Trustee May Elect to Hold the Collateral

Following an acceleration of Issuer Funding Obligations in accordance with Section 8.02, the Indenture Trustee may elect to continue to hold the Collateral and apply distributions on the Collateral in accordance with the distribution provisions of Section 8.13.

8.10 Termination by Indenture Trustee of Manager and Servicer

Upon the occurrence and during the continuance of an Event of Default, the Indenture Trustee shall have the right to (and, upon receipt of an Extraordinary Resolution of Debtholders of Controlling Class Obligations to that effect, shall) terminate the appointment of the then existing Manager under the Management Agreement and/or the Servicer under the Master Transfer and Servicing Agreement, and appoint new Persons under such agreements in accordance with such direction, provided that the Issuer shall have the right to reinstate any appointee under such agreements at such time as the Event of Default is no longer continuing.

8.11 Control by Debtholders

Subject to Section 10.02(b), Debtholders of Controlling Class Obligations will, by Ordinary Resolution, have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred on the Indenture Trustee with respect to all Issuer Funding Obligations, provided that:

(a) the Indenture Trustee will have the right to decline to follow any such direction if the Indenture Trustee, being advised by counsel, determines that the action so directed may not lawfully be taken or would conflict with this Indenture, or if the Indenture Trustee in good faith determines that the proceedings so directed would involve it in personal liability or be unjustly prejudicial to the Debtholders of Controlling Class Obligations not taking part in such direction; and

(b) the Indenture Trustee may take any other action permitted hereunder deemed proper by the Indenture Trustee which is not inconsistent with such direction.

8.12 Limitation on Suits

To the fullest extent permitted by applicable law, no Specified Creditor will have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee or similar official, or for any other remedy hereunder, unless:

(a) the Issuer or a Debtholder has previously given written notice to the Indenture Trustee of a continuing Event of Default;

(b) Debtholders of Controlling Class Obligations, by way of Ordinary Resolution, have made written request to the Indenture Trustee to institute proceedings in respect of such Event of Default in the name of the Indenture Trustee hereunder;

(c) such Debtholders of Controlling Class Obligations have offered to the Indenture Trustee (when so requested by the Indenture Trustee) indemnity reasonably satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Indenture Trustee, for 60 days after the Indenture Trustee has received such notice, request and offer of indemnity has failed to institute any such proceeding;

it being understood and intended that no one or more Specified Creditors will have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Specified Creditor, or to obtain or to seek to obtain priority or preference over any other Specified Creditor or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Specified Creditors.

8.13 Application of Money Following an Event of Default

Subject to the following paragraph, upon the occurrence and during the continuance of an Event of Default which has been accelerated in accordance with Section 8.02, any money or other property standing in each Issuer Account or otherwise received by the Indenture Trustee pursuant to this Article VIII will be applied in the order of priority specified in this Section 8.13, *pro rata* in proportion to the claims represented by each subclause, except as otherwise specifically provided below:

(a) First, to the payment or remittance of all Taxes exigible for which a Governmental Authority is given priority over the Specified Creditors under the laws of the applicable jurisdiction;

(b) Second, to the Indenture Trustee and the Issuer Trustee in respect of the amount of fees, expenses and reimbursements owing, up to a maximum aggregate amount (without duplication of amounts previously paid in respect of such fees, expenses, reimbursements and indemnified claims) of **[■ percent (■%)]**[3] of the Outstanding Dollar Principal Amount of all Issuer Funding Obligations at such time;

[3] To be confirmed.

(c) Third, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations in respect of Warehouse Facility Agreements;

(d) Fourth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations in respect of Warehouse Facility Agreements until such amount has been paid in full;][4]

(e) Fifth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements, and (B) to Derivative Counterparties, on a *pro rata* basis, all Derivative Funding Obligations payable other than Termination Payments;

(f) Sixth, *pari passu*, (A) to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Senior Funding Obligations that are not in respect of Warehouse Facility Agreements until such amount has been paid in full, and (B) to Derivative Counterparties, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is not the Defaulting Party or the sole Affected Party;

(g) Seventh, to the Manager in respect of all fees, expenses, reimbursement and indemnity amounts owing;

(h) Eighth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Subordinated Funding Obligations;

(i) Ninth, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Subordinated Funding Obligations until such amount has been paid in full;

(j) Tenth, to Debtholders, on a *pro rata* basis, in respect of all interest accrued and unpaid, if any, and fees and other amounts (other than principal) due and payable on the Junior Subordinated Funding Obligations;

(k) Eleventh, to Debtholders, on a *pro rata* basis, in respect of the aggregate outstanding principal amount of the Junior Subordinated Funding Obligations until such amount has been paid in full;

(l) Twelfth, to each Derivative Counterparty, on a *pro rata* basis, any Termination Payment where the Derivative Counterparty is the Defaulting Party or the sole Affected Party;

(m) Thirteenth, (A) to the Indenture Trustee and the Issuer Trustee, in each case, in respect of the amount of any fees, expenses, reimbursements and indemnity

[4] Subject to ongoing discussion.

amounts owing and not previously paid pursuant to clause (a); and then (B) to other service providers (other than the Manager), in each case, in respect of the amount of any fees, expenses, reimbursement and indemnity amounts owing; including for each referenced party in subclauses (A) and (B), any amounts payable to their respective Affiliates under the terms of any relevant indemnity, with funds being distributed *pro rata* in proportion to the claims represented by each of subclauses (A) and (B), respectively;

(n) Fourteenth, to the Issuer or as the Issuer otherwise directs.

Notwithstanding the foregoing, amounts on deposit in a Series Account established solely for the benefit of one or more Series of Issuer Funding Obligations shall first be used to satisfy all obligations owing to those Specified Creditors for whom such Series Account was established. If any amounts remain following such application, such amounts shall be applied in accordance with the priorities set out above.

8.14 Limited Recourse

(a) Notwithstanding any other provision of this Indenture to the contrary, the obligation to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be without recourse to the Indenture Trustee, the Issuer Trustee, the Manager or any Affiliate, officer, employee, member or director of any of them, and the satisfaction of the obligation of the Issuer to pay principal of or interest on any Issuer Funding Obligation or any other amount payable to any Specified Creditor will be subject to the allocation and payment provisions of this Indenture and any Related Funding Obligation Agreement, and limited to amounts available from the Collateral.

(b) No recourse may be taken, directly or indirectly, with respect to the obligations of the Issuer under the Issuer Funding Obligations or under this Indenture, or any certificate or other writing delivered in connection herewith or therewith, against (i) the Issuer Trustee in its individual capacity, (ii) any owner of a beneficial interest in the Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of the Issuer Trustee in its individual capacity, any holder of a beneficial interest in the Issuer or the Issuer Trustee or of any successor or assign of the Issuer Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that the Issuer Trustee has no such obligations in its individual capacity).

(c) Under no circumstances shall the Manager or any of its Affiliates be deemed an obligor or guarantor or otherwise deemed to be responsible for payment from its own funds of principal, interest, dividends or other amounts due on the Collateral, the Issuer Funding Obligations or any other Obligations Secured.

8.15 Restoration of Rights and Remedies

If the Indenture Trustee or any Specified Creditor (to the extent and in the manner provided for in Section 8.12) has instituted any proceeding to enforce any right or remedy under this

Indenture and such proceeding has been discontinued or abandoned for any reason, then and in every such case the Issuer, the Indenture Trustee and the Specified Creditors will, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Indenture Trustee and the Specified Creditors will continue as though no such proceeding had been instituted.

8.16 Rights and Remedies Cumulative

No right or remedy herein conferred upon or reserved to the Indenture Trustee or to the Specified Creditors is intended to be exclusive of any other right or remedy, and every right and remedy will, to the extent permitted by applicable law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other appropriate right or remedy.

8.17 Delay or Omission Not Waiver

No delay or omission of the Indenture Trustee or of any Specified Creditor to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VIII or by applicable law to the Indenture Trustee or to the Specified Creditors may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee or by the Specified Creditors, as the case may be.

8.18 Waiver of Stay or Extension Laws

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

8.19 Indenture Trustee Appointed Attorney

The Issuer irrevocably constitutes and appoints the Indenture Trustee and any officer or employee thereof, with full power of substitution, as its true and lawful attorney coupled with an interest with full power and authority in the name of the Issuer or in its own name, in its discretion, upon the occurrence and during the continuance of any Event of Default, for the purpose of carrying out the terms of this Indenture to take all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes hereof, and without limiting the generality of the foregoing, hereby gives the Indenture Trustee the power and right on behalf of the Issuer, without notice to or assent by the Issuer, to the extent permitted by applicable law, to do the following:

(a) to ask for, demand, sue for, collect and receive all and any monies due or becoming due with respect to the Collateral;

(b) to receive, take, endorse, assign and deliver any and all cheques, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments, documents and chattel paper taken or received by the Indenture Trustee in connection therewith and herewith; and

(c) to commence, file, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect to the Collateral.

8.20 Disclaimer of Marshalling

In the event that the Security Interest shall become enforceable and the Indenture Trustee shall have determined or become bound to enforce the same, the Issuer covenants not to invoke the doctrine of marshalling or any other equitable principle for the purpose of requiring the Indenture Trustee to realize or to have realized on any particular asset forming part of the Collateral.

ARTICLE IX
THE INDENTURE TRUSTEE

9.01 Certain Duties and Responsibilities

(a) The Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture with respect to the Obligations Secured, and no implied covenants or obligations will be read into this Indenture against the Indenture Trustee.

(b) In the exercise of the rights and duties prescribed or conferred by the terms of this Indenture, the Indenture Trustee will act honestly and in good faith with a view to the best interests of the Specified Creditors as a whole and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

(c) In the absence of bad faith on its part, the Indenture Trustee may, with respect to any Obligations Secured, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Indenture Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Indenture Trustee, the Indenture Trustee will be under a duty to examine the same to determine whether or not they substantially conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of any mathematical calculations or other facts stated therein).

(d) No provision of this Indenture will be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this clause (d) will not be construed to limit the effect of subsection 9.01(a);

(ii) the Indenture Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer of the Indenture Trustee, unless it will be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts;

(iii) the Indenture Trustee will not be liable with respect to any action taken or omitted to be taken by it in good faith if so directed by Extraordinary Resolution, relating to the time, method and place of conducting any proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture with respect to the Obligations Secured; and

(iv) no provision of this Indenture will require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(e) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee will be subject to the provisions of this Section 9.01.

9.02 Certain Rights of Indenture Trustee

Except as otherwise provided in Section 9.01:

(a) the Indenture Trustee may conclusively rely and will be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document (whether in its original, facsimile or other electronic form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) whenever in the administration of this Indenture the Indenture Trustee will deem it desirable that a matter be proved or established before taking, suffering or omitting any action hereunder, the Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(c) the Indenture Trustee may consult with counsel of its own selection and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(d) the Indenture Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Specified Creditors pursuant to this Indenture, unless such Specified Creditors shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) the Indenture Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture or other paper or document, but the Indenture Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Indenture Trustee will determine to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney;

(f) the Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Indenture Trustee will not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(g) the Indenture Trustee will not be responsible for filing any financing statements or continuation statements in connection with the Obligations Secured or the Security Interest, but will cooperate with the Issuer in connection with the filing of such financing statements or amendments to such financing statements;

(h) the Indenture Trustee shall not be deemed to have notice of any default (including any Servicer Default or Event of Default) unless a Responsible Officer of the Indenture Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Indenture Trustee at the Corporate Trust Office of the Indenture Trustee, and such notice references the Issuer Funding Obligations and this Indenture;

(i) the rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder, and each agent, custodian and other person employed to act hereunder;

(j) the Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(k) the Indenture Trustee shall be entitled to and may rely absolutely upon the Payment Instruction and the Indenture Trustee will have no obligation to calculate any amount due or owing or to be allocated as provided in this Indenture, including interest or principal for any Issuer Funding Obligations;

(l) the Indenture Trustee will be entitled to rely and act upon any direction, order, instruction, notice or communication provided to it under this Indenture which is sent to it by Electronic Methods. The Indenture Trustee shall have no liability for any losses, liabilities, costs or expenses incurred by it as a result of such reliance upon or compliance with such instructions or directions. The Issuer agrees: (i) to assume all risks arising out of the use of such Electronic Methods to submit instructions and directions to the Indenture Trustee, including without limitation the risk of the Indenture Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Indenture Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer; and (iii) that the security procedures (if any) to be followed in connection with its transmission of instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and

(m) the Indenture Trustee will not be liable for any consequential, punitive or special damages.

9.03 Not Responsible for Recitals or Issuer Funding Obligations

The recitals contained herein and in the Funding Obligation Agreements, except the Certificates of Authentication, will be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Funding Obligation Agreements. The Indenture Trustee will not be accountable for the use or application by the Issuer of Notes, Borrowings or the proceeds thereof.

9.04 May Hold Notes

The Indenture Trustee, the Issuer Trustee, any Paying Agent, the Note Registrar, the Manager or any other agent of the Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and, subject to subsection 9.07(e) and applicable legislation, may otherwise deal with the Issuer with the same rights it would have if it were not Indenture Trustee, Issuer Trustee, Paying Agent, Note Registrar, Manager or such other agent.

9.05 Compensation and Reimbursement; Limit on Compensation Reimbursement and Indemnity

(a) The Issuer agrees:

(i) to pay to the Indenture Trustee from time to time reasonable compensation (or, for so long as BNY Trust Company of Canada is the Indenture Trustee, such amount as has been mutually agreed upon in writing) for all services rendered by it hereunder (which compensation will not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, to reimburse the Indenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Indenture Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the reasonable expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its own negligence or bad faith; and

(iii) to indemnify the Indenture Trustee for, and to hold it harmless against, any and all loss, liability, expense, claim, damage or injury incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trusts hereunder, including the costs and expenses of defending itself against any claim or liability (whether asserted by the Issuer, any Specified Creditor or any other Person) in connection with the exercise or performance of any of its powers or duties hereunder.

The Indenture Trustee will have no recourse to any asset of the Issuer other than funds available pursuant to Section 7.04 or 8.13, or to any Person other than the Issuer.

(b) This Section 9.05 will survive the termination of this Indenture and the resignation or replacement of the Indenture Trustee under Section 9.07.

9.06 Corporate Indenture Trustee Required; Eligibility

There will at all times be an Indenture Trustee hereunder which will be either a bank, a trust company or a corporation organized and doing business under the laws of Canada or of any province or territory thereof, authorized under such laws to carry on a trust business as contemplated hereby in each of the provinces and territories of Canada. The Issuer may not, nor may any Person directly or indirectly controlling, controlled by, or under common control with the Issuer, serve as Indenture Trustee. If at any time the Indenture Trustee will cease to be eligible in accordance with the provisions of this Section 9.06, it will resign immediately in the manner and with the effect hereinafter specified in this Article IX.

9.07 Resignation and Removal; Appointment of Successor

(a) No resignation or removal of the Indenture Trustee and no appointment of a successor Indenture Trustee pursuant to this Article IX will become effective until the acceptance of appointment by the successor Indenture Trustee under Section 9.08.

(b) The Indenture Trustee may resign at any time by giving written notice thereof to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of resignation, the resigning Indenture Trustee may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(c) The Indenture Trustee may be removed at any time by Ordinary Resolution of the Debtholders of Controlling Class Obligations delivered to the Indenture Trustee and to the Issuer. If an instrument of acceptance by a successor Indenture Trustee shall not have been delivered to the Indenture Trustee within 30 days after the giving of such notice of removal, the Indenture Trustee being removed may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(d) If at any time:

(i) the Indenture Trustee ceases to be eligible under Section 9.06 and fails to resign after written request therefor by the Issuer or by any Debtholder of Controlling Class Obligations, or

(ii) the Indenture Trustee becomes incapable of acting, or

(iii) the Indenture Trustee is adjudged bankrupt or insolvent or a receiver of the Indenture Trustee or of its property is appointed, or any public officer takes charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Issuer may remove the Indenture Trustee, or (B) subject to Article XI, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the removal of the Indenture Trustee and the appointment of a successor Indenture Trustee.

(e) The Indenture Trustee shall resign if a material conflict of interest arises in its role as a trustee under this Indenture that is not eliminated within 90 days after the Indenture Trustee becomes aware that it has such a material conflict of interest. Forthwith after the Indenture Trustee becomes aware that it has a material conflict of interest, it shall provide the Issuer with written notice of the nature of that conflict. If, notwithstanding the foregoing provisions of this subsection 9.07(e), the Indenture Trustee has such a material conflict of interest, the validity and enforceability of this Indenture and of the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of the existence of such material conflict of interest. If the Indenture Trustee contravenes the foregoing provisions of this subsection 9.07(e), any interested Person may apply to a court of competent jurisdiction for an order that the Indenture Trustee be replaced as trustee hereunder. The Indenture Trustee represents to the Issuer that at the time of the execution and delivery hereof no material conflict of interest exists in the Indenture Trustee's role as a fiduciary hereunder.

(f) If the Indenture Trustee resigns, is removed or becomes incapable of acting, or if a vacancy shall occur in the office of the Indenture Trustee for any cause, the Issuer will promptly appoint a successor Indenture Trustee. If, within one (1) year after

such resignation, removal or incapacity, or the occurrence of such vacancy, a successor Indenture Trustee is appointed by Ordinary Resolution of Debtholders of Controlling Class Obligations delivered to the Issuer and the retiring Indenture Trustee, the successor Indenture Trustee so appointed will, forthwith upon its acceptance of such appointment, become the successor Indenture Trustee and supersede the successor Indenture Trustee appointed by the Issuer. If no successor Indenture Trustee shall have been so appointed by the Issuer or Debtholders of Controlling Class Obligations and accepted in the manner hereinafter provided, any Debtholder of Controlling Class Obligations who has been a *bona fide* Debtholder of Controlling Class Obligations for at least six (6) months may, on behalf of itself and all other Debtholders, petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

(g) The Issuer will give written notice of each resignation and each removal of the Indenture Trustee and each appointment of a successor Indenture Trustee to each Specified Creditor as provided in Article XV and to each Rating Agency. To facilitate delivery of such notice, upon request by the Issuer, the retiring Indenture Trustee shall provide to the Issuer a list of all Specified Creditors. Each notice will include the name of the successor Indenture Trustee and the address of its Corporate Trust Office.

(h) Upon such resignation, the Indenture Trustee shall be discharged from all further duties and liabilities under this Indenture.

9.08 <u>Acceptance of Appointment by Successor</u>

Every successor Indenture Trustee appointed hereunder will execute, acknowledge and deliver to the Issuer and to the predecessor Indenture Trustee an instrument accepting such appointment, with a copy to the Rating Agencies, and thereupon the resignation or removal of the predecessor Indenture Trustee will become effective, and such successor Indenture Trustee, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the predecessor Indenture Trustee; but, on request of the Issuer or the successor Indenture Trustee, such predecessor Indenture Trustee will, upon payment of its reasonable charges, if any, execute and deliver an instrument transferring to such successor Indenture Trustee all the rights, powers and trusts of the predecessor Indenture Trustee, and will duly assign, transfer and deliver to such successor Indenture Trustee all property and money held by such predecessor Indenture Trustee hereunder, subject nevertheless to its Lien, if any, provided for in Section 9.05. Upon request of any such successor Indenture Trustee, the Issuer will execute any and all instruments for more fully and certainly vesting in and confirming to such successor Indenture Trustee all such rights, powers and trusts.

No successor Indenture Trustee will accept its appointment unless at the time of such acceptance, such successor Indenture Trustee will be qualified and eligible under this Article IX.

9.09 Merger, Conversion, Consolidation or Succession to Business

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Indenture Trustee, will be the successor of the Indenture Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article IX, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Indenture Trustee shall give prompt written notice of such merger, conversion, consolidation or succession to the Issuer and the Rating Agencies. In case any Notes shall have been authenticated, but not delivered, by the Indenture Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Indenture Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect as if such successor Indenture Trustee had itself authenticated such Notes.

9.10 Trust Indenture Legislation

(a) In this Article IX, the term "**applicable legislation**" means the provisions, if any, of the *Trust and Loan Companies Act* (Canada) and any other statute of Canada or a province thereof, and of regulations under any such statute, in each case, as amended, restated or re-enacted from time to time, relating to trust indentures and to the rights, duties and obligations of trustees under trust indentures and of entities issuing debt obligations under trust indentures, to the extent that in the opinion of counsel to the Issuer such provisions are at the time in force and applicable to this Indenture.

(b) If and to the extent that any provision of this Indenture limits, qualifies or conflicts with a mandatory requirement of applicable legislation, such mandatory requirement shall prevail.

(c) The Issuer and the Indenture Trustee agree that each will at all times in relation to this Indenture and any action to be taken hereunder, observe and comply with and be entitled to the benefits of applicable legislation.

9.11 Representations and Covenants of the Indenture Trustee

The Indenture Trustee represents, warrants and covenants that:

(a) the Indenture Trustee is a trust company organized, existing and in good standing under the laws of Canada;

(b) the Indenture Trustee has full power and authority to execute, deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other documents to which it is a party;

(c) each of this Indenture and the other documents to which it is a party has been duly executed and delivered by the Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms; and

(d) the Indenture Trustee is authorized to carry on the business of a trust company in each of the provinces and territories of Canada. If, notwithstanding the provisions of this subsection 9.11(d), the Indenture Trustee ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the Funding Obligation Agreements shall not be affected in any manner whatsoever by reason only of such event.

9.12 Indenture Trustee's Application for Instructions from the Issuer

Any application by the Indenture Trustee for written instructions from the Issuer may, at the option of the Indenture Trustee, set forth in writing any action proposed to be taken or omitted by the Indenture Trustee under and in accordance with this Indenture and the date on and/or after which such action shall be taken or such omission shall be effective; provided that such application shall make specific reference to this Section 9.12. The Indenture Trustee shall not be liable for any action taken by, or omission of, the Indenture Trustee in accordance with a proposal included in such application on or after the date specified in such application (which date shall not be less than five (5) Business Days after the date the Issuer actually receives such application, unless the Issuer shall have consented in writing to any earlier date) unless prior to taking any such action (or the effective date in the case of an omission), the Indenture Trustee shall have received written instructions in response to such application specifying the action be taken or omitted.

9.13 Appointment of Co-Trustee or Separate Indenture Trustee

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirements of any relevant jurisdiction, the Indenture Trustee shall have the power and shall execute and deliver all instruments, subject to the prior written consent of the Manager, which consent shall not be unreasonably withheld, to appoint one or more Persons reasonably acceptable to the Issuer to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Issuer's property, and to vest in such Person or Persons, in such capacity and for the benefit of the Specified Creditors, such title to the Issuer's property, or any part thereof, and, subject to the other provisions of this Section 9.13, such powers, duties, obligations, rights and trusts as the Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 9.06 and no notice to Specified Creditors of the appointment of any co-trustee or separate trustee shall be required under Section 9.07.

(b) Every separate trustee and co-trustee shall, to the extent permitted by applicable law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any

particular act or acts are to be performed, the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Issuer's property or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(iii) the Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article IX. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be filed with the Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time appoint the Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by applicable law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by applicable law, without the appointment of a new or successor trustee.

9.14 Preservation of Information; Communications to Debtholders

(a) The Indenture Trustee will preserve, in as current a form as is reasonably practicable, the names and addresses of Registered Noteholders contained in the most recent list furnished to the Indenture Trustee as provided in Section 13.13 and the names and addresses of Registered Noteholders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 13.13 upon receipt of a new list so furnished. The Indenture Trustee will also preserve, in as current a form as is reasonably practicable, the names and addresses of all other Specified Creditors received by the Indenture Trustee pursuant to subsections 5.01(f) and 5.03(b).

(b) If three or more Debtholders of any Class, Series or Tranche (hereinafter referred to as "**applicants**") (or, if there are less than three such Debtholders, all of the Debtholders) apply in writing to the Indenture Trustee, and furnish to the Indenture Trustee reasonable proof that each such applicant has owned an Issuer Funding Obligation of such Class, Series or Tranche for a period of at least six (6) months preceding the date of such application, and such application states that the applicants desire to communicate with all Debtholders (or such subset thereof as will be specified) with respect to their rights under this Indenture or under the applicable Issuer Funding Obligations and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Indenture Trustee will, within five (5) Business Days after the receipt of such application, at its election, either:

(i) afford such applicants access to the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), or

(ii) inform such applicants as to the approximate number of Debtholders of all Issuer Funding Obligations (or such subset thereof as will be specified), as the case may be, whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a) and as to the approximate cost of mailing to such Debtholders the form of proxy or other communication, if any, specified in such application.

If the Indenture Trustee shall elect not to afford such applicants access to such information, the Indenture Trustee shall, upon the written request of such applicants, mail to each applicable Lender and to each holder of a Registered Note of the applicable Classes, Series and Tranches whose names and addresses appear in the information preserved at the time by the Indenture Trustee in accordance with subsection 9.14(a), a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Indenture Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless, within five days after such tender, the Indenture Trustee shall mail to such applicants, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Indenture Trustee, such mailing would be contrary to the best interests of the Debtholders for which such mailing is intended or would be in violation of applicable law. Such written statement will specify the basis of such opinion.

(c) Every Debtholder agrees with the Issuer and the Indenture Trustee that neither the Issuer nor the Indenture Trustee will be held accountable by reason of the disclosure of any such information as to the names and addresses of the Debtholders in accordance with subsection 9.14(b), regardless of the source from which such information was derived, and that the Indenture Trustee will not be held accountable by reason of mailing any material pursuant to a request made under subsection 9.14(b).

9.15 Acceptance of Trusts by Indenture Trustee

The Indenture Trustee hereby accepts the trusts in this Indenture and agrees to perform the same upon the terms and conditions herein set forth.

9.16 Paying Agent

(a) The Paying Agent, on behalf of the Indenture Trustee, will make distributions to Specified Creditors from the Collection Account or other applicable Issuer Account pursuant to the provisions of this Indenture and any applicable Program Agreement and will report the amounts of such distributions to the Indenture Trustee. Any Paying Agent will have the revocable power to withdraw funds from the Collection Account or other applicable Issuer Account for the purpose of making the distributions referred to above.

(b) The Indenture Trustee may revoke such power and remove the Paying Agent if the Indenture Trustee determines in its sole discretion that the Paying Agent has failed to perform its obligations under this Indenture in any material respect. The Paying Agent upon removal will return all funds in its possession to the Indenture Trustee.

(c) The Issuer will cause each Paying Agent (other than the Indenture Trustee) to execute and deliver to the Indenture Trustee an instrument in which such Paying Agent will agree with the Indenture Trustee (and if the Indenture Trustee acts as Paying Agent, it so agrees), subject to the provisions of this Section 9.16, that such Paying Agent will:

(i) hold all sums held by it for the payment of principal of, interest, fees or other amounts in trust for the benefit of the Persons entitled thereto until such sums will be paid to such Persons or otherwise disposed of as herein provided;

(ii) if such Paying Agent is not the Indenture Trustee, give the Indenture Trustee notice of any default by the Issuer in the making of any such payment of principal or interest on any Issuer Funding Obligations;

(iii) if such Paying Agent is not the Indenture Trustee, at any time during the continuance of any such default, upon the written request of the Indenture Trustee, forthwith pay to the Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) open and maintain appropriate records with respect to each Note; record by appropriate entries therein each payment made on account of interest, principal, fees and other amounts owing with respect to each such Note. For the purposes thereof, the Paying Agent shall provide to the Issuer and the Indenture Trustee satisfactory evidence of each payment as soon as practicable after making such payment. The failure to record, or any error in recording, any such payment shall not, however, limit or otherwise affect the obligations of the Issuer as to the principal amount or accrued interest

owing with respect to any Note. Such records of payment shall be conclusive evidence of the unpaid principal balance and interest owing in respect of the Notes in the absence of demonstrable error;

(v) immediately resign as a Paying Agent and, if such Paying Agent is not the Indenture Trustee, forthwith pay to the Indenture Trustee all sums held by it in trust for the payment of Issuer Funding Obligations if at any time it ceases to meet the standards described in this Section 9.16 required to be met by a Paying Agent at the time of its appointment; and

(vi) comply with all requirements of the Income Tax Act or any other applicable tax law with respect to the withholding from any payments made by it on any amounts contemplated under this Indenture of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

(d) Each Paying Agent, if not OPG, will at all times have, or be a wholly owned subsidiary of a corporation which has, a combined capital and surplus of at least $50,000,000 and be subject to supervision or examination by a Canadian federal, provincial or territorial authority or be regulated by or subject to the supervision or examination of a Governmental Authority of a nation that is a member of the Organization for Economic Co-operation and Development. If such Paying Agent publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this subsection 9.16(d), the combined capital and surplus of such Paying Agent will be deemed to be its combined capital and surplus as set forth in its most recent report of condition as so published.

ARTICLE X
MEETINGS

10.01 Conduct of Meetings

Meetings of Debtholders of any Class, Series or Tranche, of all Issuer Funding Obligations or of all Controlling Class Obligations, as the case may be, may be convened, held and conducted in the following manner:

(a) At any time, and from time to time, the Indenture Trustee or the Issuer may, and the Indenture Trustee shall, on receipt of a written request of the Issuer or a requisition signed by Debtholders of a particular Class, Series or Tranche, of all Issuer Funding Obligations, **[of Controlling Class Obligations of a Series]** or of all Controlling Class Obligations (each of such groups of Debtholders being a "**Debtholder Group**"), as the case may be, holding at least 25% of the aggregate Outstanding Dollar Principal Amount of that Debtholder Group, convene a meeting of the Debtholders of that Debtholder Group. If the Indenture Trustee fails to convene a meeting after 30 days of being duly required by the Issuer or such Debtholders, the Issuer or such Debtholders may themselves convene such meeting

and, in the case of a meeting called by such Debtholders, the notice calling such meeting may be signed by such Person as those Debtholders specify. Every such meeting shall be held in the City of Toronto or such other place in Ontario, Canada as the Indenture Trustee may in any case determine or approve.

(b) At least 7 days' prior notice of any meeting shall be given to the Debtholders of the applicable Debtholder Group to which such meeting relates and to the Issuer, unless the meeting has been called by the Issuer, and such notice shall state the date, time and the place the meeting is to be held and shall specify, in general terms, the nature of the business to be transacted. It shall not be necessary to specify in the notice the text of the resolutions to be passed. Subject to Section 10.01(c), notices shall be given in the manner set forth in Article XV and a copy thereof shall be delivered to the Indenture Trustee unless the meeting has been called by it. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The non-receipt of any such notice by a Debtholder shall not invalidate any resolution passed at such meeting.

(c) At any meeting of a Debtholders Group, subject as herein provided, a quorum shall consist of two or more Persons present in person or by proxy holding either personally or as proxies not less than 25% of the Outstanding Dollar Principal Amount of the Issuer Funding Obligations of the applicable Debtholder Group entitled to vote at such meeting. If a quorum is not present on the date for which the meeting is called within 30 minutes after the time fixed for the holding of such meeting, the meeting shall be adjourned to be held at a place and upon a date and at an hour to be fixed by the Indenture Trustee who shall give not less than 7 days' notice of the date and time to which such meeting is to be adjourned and at such adjourned meeting a quorum shall consist of the Debtholders of that Debtholder Group then and there represented in person or by proxy and entitled to vote at such meeting.

(d) An individual, who need not be a Debtholder, nominated in writing by the Indenture Trustee shall be chairman of the meeting (a "**Chairman**"). If no individual is so nominated or if the individual nominated is not present within 25 minutes after the time fixed for the holding of the meeting, the Debtholders and proxies for Debtholders present shall choose one of their number to be Chairman.

(e) Every question submitted to a meeting, except matters requiring an Extraordinary Resolution, shall be decided by a majority of the votes given on a show of hands or, if a poll shall be requested as hereinafter provided, by a majority of the votes cast on the poll (in either case, an "**Ordinary Resolution**") and shall be binding on all Debtholders of the Debtholder Group. On a show of hands, each Debtholder who is present, whether in person or by proxy, will have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of which he or she shall be the Debtholder. A poll shall be taken on every Extraordinary Resolution and otherwise whenever requested by a Debtholder or its proxy. On a poll, each Debtholder shall have one vote for every $1,000 of Outstanding Dollar Principal Amount of applicable Issuer Funding Obligations of

which he or she shall be the Debtholder. Votes may be given in person or by proxy and a proxy need not be a Debtholder. If at any meeting a poll is so demanded as aforesaid on the election of a Chairman or on a question of adjournment, it shall be taken forthwith. If at any meeting a poll is so demanded on any other question, or an Extraordinary Resolution is to be voted upon, a poll shall be taken in such manner and either at once or after an adjournment as the Chairman directs. The result of a poll shall be deemed to be the decision of the meeting at which the poll was demanded and shall be binding on all Debtholders of the applicable Debtholder Group. In the case of joint Registered Noteholders, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but, if more than one of them is present in person or by proxy, they shall vote together in respect of the Notes of which they are joint Registered Noteholders.

10.02 Powers Exercisable by Ordinary Resolution and Extraordinary Resolution

(a) In addition to any powers hereinbefore given, Debtholders of a Class, Series or Tranche of Issuer Funding Obligations shall by Ordinary Resolution have the power to:

(i) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any of the powers conferred upon it by this Indenture insofar as they apply solely to such Class, Series or Tranche or by the Related Funding Obligation Agreement;

(ii) sanction, insofar as they apply to the Class, Series or Tranche, the release of the Issuer from its covenants and obligations hereunder;

(iii) subject to the provisions of this Indenture or of the Related Funding Obligation Agreement, sanction any change whatsoever to any provision of the Issuer Funding Obligations of such Class, Series or Tranche which shall be agreed to by the Issuer and any modification, alteration, abrogation, compromise or arrangement of or in respect of the rights of the Debtholders of such Class, Series or Tranche or the Indenture Trustee against the Issuer, whether such rights shall arise under the provisions of this Indenture or otherwise;

(iv) subject to the provisions of this Indenture, assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture, a Related Supplemental Indenture or any instrument ancillary or supplementary hereto or thereto, in each case, insofar as they apply to the Class, Series or Tranche, which shall be agreed to by the Issuer and to authorize the Indenture Trustee to concur in and execute any deed, instrument or agreement embodying any such modification, change, addition or omission or any other deeds, documents or writings authorized by such Ordinary Resolution; provided that no such assent shall be

necessary for any modification of or change in or addition otherwise permitted hereunder or under a Related Supplemental Indenture; and

(v) take any other Action authorized by this Indenture or a Related Supplemental Indenture to be taken by Ordinary Resolution of the Debtholders of a Class, Series or Tranche of Issuer Funding Obligations.

(b) In addition to any powers hereinbefore given, Debtholders of the Controlling Class Obligations shall by Extraordinary Resolution have the power to:

(i) after the Security Interest has become enforceable, authorize the Indenture Trustee to accept, in satisfaction or partial satisfaction, all or any part of the Collateral;

(ii) after the Security Interest has become enforceable, sanction the selling of the Collateral or any part thereof or interest therein;

(iii) after the Security Interest has become enforceable, authorize the Indenture Trustee or any other Person to bid or tender at any sale of the Collateral or any part thereof and take such actions in connection with such sale as it determines to be in the best interests of all Debtholders of Controlling Class Obligations;

(iv) assent to any compromise or arrangement by the Issuer with any creditor, creditors or class or classes of creditors or with the holders of any securities of the Issuer whose claims are payable from the Collateral;

(v) restrain any Debtholder from taking or instituting any suit, action or proceeding for the purpose of realizing on the Collateral or for the execution of any trust or power hereunder or for the appointment of a liquidator, receiver or trustee in bankruptcy or to have the Issuer liquidated or for any other remedy hereunder and to direct such Debtholder to waive any Event of Default on which any suit or proceeding is founded;

(vi) require the Indenture Trustee (subject to receipt by the Indenture Trustee of reasonable funding and indemnity) to exercise or refrain from exercising any other powers conferred upon it by this Indenture of general application to all Classes of Issuer Funding Obligations, including the exercise of any rights of the Issuer under any of the Program Agreements upon the occurrence and during the continuance of an Event of Default, or cancel any declaration of acceleration made pursuant to Article VIII upon such terms and/or conditions as may be decided;

(vii) authorize the Indenture Trustee, in the event of the Issuer making an authorized assignment or proposal or in the event of an administrator, trustee, receiver or liquidator being appointed under any applicable bankruptcy or insolvency legislation for and on behalf of all Specified Creditors and, in addition to any claim or debt provided or made for its own

account as Indenture Trustee hereunder, to file and prove a claim or debt against the Issuer or its property for an amount equivalent to the aggregate amount which may be payable in respect of all Issuer Funding Obligations, to value the Collateral, and to vote such claim or debt at meetings of creditors and generally act for and on behalf of all Debtholders in such proceedings as such Extraordinary Resolution may provide;

(viii) appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in such Extraordinary Resolution) to exercise, and to direct the Indenture Trustee to exercise, on behalf of all Debtholders of Controlling Class Obligations, such of the powers of such Debtholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the Extraordinary Resolution appointing the committee. The Extraordinary Resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee from the Collateral. Such committee shall consist of such number of Persons as shall be prescribed in the Extraordinary Resolution appointing it and the members need not themselves be Debtholders. Each such committee may elect a chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedures generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debtholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(ix) take any other action authorized by this Indenture to be taken by Extraordinary Resolution; and

(x) permit the creation of any Lien on the Collateral that is prior to the Security Interest.

(c) The foregoing powers shall be deemed to be several and cumulative and not dependent on each other and the exercise of one or more of such powers, or any combination of such powers, from time to time, shall not be deemed to exhaust the rights of the Debtholders to exercise such power or powers, or combinations of powers, thereafter from time to time. No powers exercisable by Extraordinary Resolution shall derogate in any way from any rights of the Issuer under or pursuant to this Indenture. The Issuer shall give the Rating Agency notice of any Extraordinary Resolution adopted.

10.03 Extraordinary Resolution

An Extraordinary Resolution, adopted in accordance with the provisions hereof, shall be binding upon each and every Debtholder and each other Specified Creditor and their respective

heirs, executors, administrators, successors and assigns, whether present or absent, and the Indenture Trustee (subject to the provisions for funding and its indemnity herein contained) shall be bound to give effect thereto accordingly.

Except as expressly provided to the contrary in this Indenture, no action shall be taken at a meeting of the Debtholders of a Debtholder Group which changes any provision of this Indenture or changes or prejudices the exercise of any right of any Debtholder except by Extraordinary Resolution of the Debtholders of Controlling Class Obligations.

10.04 Declaration by Chairman of Result of Vote

At any meeting of the Debtholders of any Debtholder Group in cases where no poll is required or requested, a declaration made by the Chairman that a resolution has been carried, or carried by any particular majority, or lost, shall be conclusive evidence thereof.

10.05 Minutes

Minutes of all resolutions and proceedings at every such meeting, as aforesaid, shall be made and duly entered in books to be provided from time to time for that purpose by an agent of the Issuer at the expense of the Issuer and any such minutes, as aforesaid, if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be *prima facie* evidence of the matters therein stated and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed and had.

10.06 Signed Instruments

Any resolution or instrument signed in one or more counterparts by (a) Debtholders holding not less than 50% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of a Debtholder Group, in the case of matters capable of being decided by Ordinary Resolution, and (b) Debtholders holding not less than 66⅔% of the aggregate Outstanding Dollar Principal Amount of Issuer Funding Obligations of all Controlling Class Obligations in the case of matters required to be decided by Extraordinary Resolution, shall, in either case, have the same force and effect as a resolution duly passed at a meeting of such Debtholders by the affirmative vote of all of the votes cast upon a poll. Notice of any Ordinary Resolution or Extraordinary Resolution passed in accordance with this Section 10.06 shall be given by the Indenture Trustee to all applicable Debtholders within 30 days of the date on which such Ordinary Resolution or Extraordinary Resolution was passed.

10.07 Persons Who May Attend

Each Debtholder, by their respective officers, directors, employees, and the legal advisers of such parties, may attend any meeting of Debtholders.

10.08 Binding Effect of Resolutions

Every Ordinary Resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article X at a meeting of Debtholders of a Debtholder Group will be binding upon all of the Debtholders of such Debtholder Group whether present at or absent from such meeting, and every instrument in writing signed by Debtholders in accordance with Section 10.06 will be binding upon all of the Debtholders of such Debtholder Group, whether signatories thereto or not, and the Indenture Trustee will be bound to give effect accordingly to every such Ordinary Resolution, Extraordinary Resolution and instrument in writing. For greater certainty, any Extraordinary Resolution shall bind all Debtholders in accordance with Section 10.03.

10.09 Notes Regarded as Not Outstanding for Certain Purposes

If, in the opinion of the Indenture Trustee and upon receipt of an Issuer Certificate in respect of the following, any business to be transacted at any meeting of Debtholders or any action to be taken or power exercised by instrument in writing under Section 10.06 does not materially adversely affect the rights of the Debtholders of one or more particular Class, Series or Tranche of Issuer Funding Obligations, the provisions of this Article X shall apply as if the Issuer Funding Obligations of that Class, Series or Tranche were not outstanding, and no notice of any such meeting need be given to the Debtholders of that Class, Series or Tranche.

ARTICLE XI
SUPPLEMENTAL INDENTURES

11.01 Supplemental Indentures and Amendments Without Consent of Specified Creditors

Without the consent of Specified Creditors but with 10 Business Days' prior notice to each Rating Agency, the Issuer and the Indenture Trustee, at any time and from time to time, and upon delivery by the Issuer to the Indenture Trustee of an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, the Issuer may amend this Indenture, including any Supplemental Indenture or enter into one or more Supplemental Indentures, in form satisfactory to the Indenture Trustee, for any of the following purposes:

(a) to evidence the succession or successive successions of another Financing Entity to the Issuer, and the assumption by any such successor of the covenants of the Issuer herein and in the Notes; or

(b) to add to the covenants of the Issuer, or to surrender any right or power herein conferred upon the Issuer by the Issuer, for the benefit of Debtholders of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(c) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, to correct a clear clerical or administrative error, or to make any other provisions with respect to matters or questions arising under this Indenture; or

(d) to provide for the issuance of any Series or Tranche of Notes as provided in Article IV and Article V and to set forth the terms thereof, and/or to add to the rights of the Noteholders of any Class, Series or Tranche; or

(e) to evidence and provide for the acceptance of appointment by another corporation as a successor Indenture Trustee hereunder; or

(f) to add any additional Events of Default in respect of any or all Classes, Series or Tranches of Issuer Funding Obligations; or

(g) to provide for the consolidation of any Financing Entity and the Issuer into a single Person or the transfer of assets in any Financing Entity to the Issuer; or

(h) if IESO is replaced under the Master Transfer and Servicing Agreement as Servicer, to make any necessary changes to this Indenture or any other related document; or

(i) to provide for additional forms of Credit Enhancement for any Class, Series or Tranche of Issuer Funding Obligations; or

(j) to comply with any regulatory, accounting, securities or tax laws, rules, regulations or requirements, or changes to Rating Agency ratings criteria; or

(k) to enable the Issuer to file a registration statement (and any related exhibits thereto) for the offering of securities registered under the U.S. Securities Act and to comply with Regulation AB (including, without limitation, ongoing reporting obligations thereunder); or

(l) to qualify for sale treatment under generally accepted accounting principles.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above, the Issuer and the Indenture Trustee may amend this Indenture, including any Supplemental Indenture, without the consent of any Specified Creditor, to modify, eliminate or add to the provisions of this Indenture (i) to facilitate compliance with any amendment to any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or (ii) to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document; in each case, provided that the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that (A) the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future or (B) such amendment is required to remain in compliance with any change of law or regulation which applies to the Issuer or the transactions governed by the Program Agreements, or such amendment is required to cause the provisions hereof to conform to or be consistent with or in furtherance of the statements made with respect to this Indenture in any applicable offering document.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraph, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture

Trustee, without the consent of any Specified Creditor, for the purpose of (i) adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or any Supplemental Indenture or (ii) modifying in any manner the rights of the Specified Creditors under this Indenture or any Supplemental Indenture; provided, however, that (A) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (B) the Rating Agency Condition shall be satisfied.

Additionally, notwithstanding any provision of this Article XI to the contrary and in addition to clauses (a) through (l) above and the immediately preceding paragraphs, this Indenture, including any Supplemental Indenture, may also be amended by the Issuer and the Indenture Trustee, without the consent of any Specified Creditor, to provide for those changes necessary for compliance with securities law requirements or banking laws or regulations; provided, however, that (i) the Issuer shall deliver to the Indenture Trustee an Issuer Certificate to the effect that the Issuer reasonably believes that such amendment will not have an Adverse Effect and is not reasonably expected to have an Adverse Effect at any time in the future, and (ii) the Rating Agency Condition shall be satisfied.

The Issuer shall send a copy of any amendment to this Indenture or any Supplemental Indenture to each Rating Agency.

The Indenture Trustee may, but shall not be obligated to, enter into any amendment which adversely affects the Indenture Trustee's rights, duties, benefits, protections, privileges or immunities under this Indenture or otherwise.

11.02 Supplemental Indentures and Amendments with Consent of Debtholders

In addition to any amendment permitted pursuant to Section 11.01, with prior notice to each Rating Agency and the consent of Debtholders of each Class, Series or Tranche of Issuer Funding Obligations affected by such amendment of this Indenture, including any Supplemental Indenture, by Ordinary Resolution delivered to the Issuer and the Indenture Trustee, the Issuer and the Indenture Trustee may enter into an amendment of this Indenture or any Supplemental Indenture for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Debtholders of each such Class, Series or Tranche of Issuer Funding Obligations under this Indenture or any Supplemental Indenture; provided, however, that no such amendment of this Indenture or any Supplemental Indenture will, without the consent of each Debtholder of Issuer Funding Obligations affected thereby:

(a) change the scheduled payment date of any payment of interest on any Issuer Funding Obligation, or change a Principal Payment Due Date or Principal Payment Default Date of any Issuer Funding Obligation;

(b) reduce the principal amount of, or the interest rate on any Note, or change the method of computing the Outstanding Dollar Principal Amount, the Outstanding Currency Specific Dollar Principal Amount or the Outstanding Dollar Principal Amount in a manner that is adverse to any Debtholders;

(c) reduce the amount of a Discount Note payable upon its acceleration;

(d) reduce the percentage in Outstanding Dollar Principal Amount of Issuer Funding Obligations of any Class, Series or Tranche, the consent of whose holders is required for any such amendment, or the consent of whose holders is required for any waiver of compliance with the provisions of this Indenture or of defaults hereunder and their consequences, provided for in this Indenture;

(e) modify any of the provisions of this Section 11.02 or Section 8.03, except to increase any percentage of Debtholders required to consent to any such amendment or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Debtholders affected thereby;

(f) change any Place of Payment where any principal of, or interest on, any Note is payable, unless otherwise provided in the Related Supplemental Indenture; or

(g) change the method of computing the amount of principal of, or interest on, any Note on any date.

An amendment of this Indenture or a Supplemental Indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular Classes, Series or Tranches of Issuer Funding Obligations, or which modifies the rights of the Debtholders of such Class, Series or Tranche with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture of the Debtholders of any other Class, Series or Tranche of Issuer Funding Obligations.

It will not be necessary for any Ordinary Resolution under this Section 11.02 to approve the particular form of any proposed amendment or Supplemental Indenture, but it will be sufficient if such Ordinary Resolution will approve the substance thereof.

11.03 Execution of Amendments and Supplemental Indentures

In executing or accepting the additional trusts created by any amendment of this Indenture or Supplemental Indenture permitted by this Article XI or the modifications thereby of the trusts created by this Indenture, the Indenture Trustee will be provided with, and (subject to Section 9.01) will be fully protected in relying upon, an Opinion of Counsel stating that the execution of such amendment or Supplemental Indenture is authorized or permitted by this Indenture and that all conditions precedent thereto have been satisfied. The Indenture Trustee may, but will not (except to the extent required in the case of an amendment or Supplemental Indenture entered into under subsection 11.01(e)) be obligated to, enter into any such amendment or Supplemental Indenture which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

11.04 Effect of Amendments and Supplemental Indentures

Upon the execution of any amendment of this Indenture or any Supplemental Indenture under this Article XI, this Indenture and/or such Supplemental Indenture will be modified in accordance therewith with respect to each Class, Series or Tranche of Issuer Funding Obligations

affected thereby, or all Issuer Funding Obligations, as the case may be, and such amendment or Supplemental Indenture will form a part of this Indenture and such Supplemental Indenture for all purposes; and every holder of Issuer Funding Obligations theretofore or thereafter incurred and every other Specified Creditor will be bound thereby to the extent provided therein.

11.05 Reference in Notes to Supplemental Indentures

Notes authenticated and delivered after the execution of any amendment of this Indenture or any Supplemental Indenture pursuant to this Article XI may, and will if required by the Indenture Trustee, bear a notation in form approved by the Indenture Trustee as to any matter provided for in such amendment or Supplemental Indenture. If the Issuer will so determine, new Notes so modified as to conform, in the opinion of the Indenture Trustee and the Issuer, to any such amendment or Supplemental Indenture may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF THE ISSUER

12.01 Representations and Warranties of the Issuer

The Issuer hereby represents and warrants to the Indenture Trustee and shall be deemed to represent and warrant to the Indenture Trustee on the issuance of Notes of any particular Class, Series or Tranche hereunder, and upon each Borrowing under the applicable Funding Obligation Agreement, that:

(a) The Issuer is a Financing Entity.

(b) The indebtedness incurred pursuant to each issuance of Notes and each Borrowing is a Funding Obligation.

(c) The Issuer (i) is a trust duly constituted and validly existing under the laws of the Province of Ontario, (ii) is duly qualified to carry on its business in each jurisdiction in which it carries on business, (iii) has the power and authority to enter into and perform its obligations under this Indenture and the other Program Agreements executed by it and all instruments and agreements delivered pursuant hereto, and thereto and to own its property and carry on its business as currently conducted including, without limitation, the power and authority and legal right to acquire Investment Interests, and (iv) has obtained all material licences, permits and approvals from all Governmental Authorities required in respect of its business.

(d) The execution, delivery and performance of this Indenture, and at the time it enters into such document, the other Program Agreements executed by it and every instrument or agreement delivered pursuant hereto and thereto has been or will be duly authorized by all requisite action and this Indenture and such other Program Agreements, instruments and agreements have been or will be duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms subject to (i) applicable bankruptcy, insolvency, moratorium and similar laws at the time in

effect affecting the rights of creditors generally, and (ii) equitable principles which may limit the availability of certain remedies, including the remedy of specific performance.

(e) There are no actions, suits or proceedings pending or, to the knowledge of the Issuer, threatened against or affecting the Issuer at law or in equity or before or by any Governmental Authority, or before any arbitrator of any kind, which would result in any material adverse change in the business, operations, prospects, properties, assets or condition, financial or otherwise, of the Issuer or in the ability of the Issuer to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreement or instrument delivered pursuant hereto or thereto; and the Issuer is not aware of any existing ground on which such action, suit or proceeding might be commenced with any reasonable likelihood of success or of any default with respect to any judgment, order, writ, injunction, decree, award, rule or regulation of any court, arbitrator or Governmental Authority, which, either separately or in the aggregate, would result in any such material adverse change.

(f) The Issuer is not a party to any agreement or instrument which materially adversely affects its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or materially adversely affects the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer.

(g) The Issuer is not subject to any restriction or any judgment, order, writ, injunction, decree, award, rule or regulation which materially adversely affects, or in the future may materially adversely affect, the business, operations, prospects, properties, assets or condition, financial or otherwise of the Issuer or its ability to perform its obligations under this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto.

(h) Neither the execution nor delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto, the consummation of the transactions herein and therein contemplated, nor compliance with the terms, conditions and provisions hereof or thereof conflicts with or will conflict with, or results or will result in any breach of, or constitutes a default under, any of the provisions of the Declaration of Trust or any agreements or instruments to which the Issuer is a party or by which it or any of its property and assets are bound, or results or will result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of the Issuer.

(i) No consent, approval or authorization of, or declaration, registration, filing or qualification with, or giving of notice to, or taking of any other action in respect of, any Governmental Authority on the part of the Issuer is required in connection with the execution and delivery of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto or the consummation of any of the transactions contemplated hereby or in

connection with the enforcement of this Indenture, the other Program Agreements executed by it or any agreements or instruments delivered pursuant hereto or thereto (except those which have been obtained or deemed to have been obtained).

ARTICLE XIII
COVENANTS OF THE ISSUER

13.01 Payment of Principal and Interest

With respect to each Class, Series or Tranche of Issuer Funding Obligations, the Issuer will duly and punctually pay the principal of and interest on such Issuer Funding Obligations in accordance with their terms, this Indenture and any Related Funding Obligation Agreement, and will duly comply with all the other terms, agreements and conditions contained in, or made in this Indenture and any Funding Obligation Agreement.

13.02 Use of Proceeds

The Issuer will use the proceeds of Notes and Borrowings solely for: (a) the acquisition by the Issuer of an Investment Interest; (b) the redemption, repayment or repurchase of any existing Issuer Funding Obligations; (c) the funding of Issuer Accounts; and (d) the payment of transaction fees and expenses in connection with the incurrence of Issuer Funding Obligations.

13.03 Maintenance of Office or Agency

The Issuer will maintain an office or agency in each Place of Payment where Notes may be presented or surrendered for payment, where Notes may be surrendered for transfer or exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Indenture Trustee of the location, and of any change in the location, of such office or agency. If at any time the Issuer will fail to maintain such office or agency or will fail to furnish the Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Indenture Trustee, and the Issuer hereby appoints the Indenture Trustee its agent to receive all such presentations, surrenders, notices and demands.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes of one or more Classes, Series or Tranches may be presented or surrendered for any or all of such purposes specified above and may constitute and appoint one or more Paying Agents for the payments of such Notes, in one or more other cities, and may from time to time rescind such designations and appointments; provided, however, that no such designation, appointment or rescission shall in any matter relieve the Issuer of its obligations to maintain an office or agency in each Place of Payment for Notes of any Class, Series or Tranche for such purposes. The Issuer will give prompt written notice to the Indenture Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless and until the Issuer rescinds one or more of such appointments, the Issuer hereby appoints the Indenture Trustee, as its Paying Agent in Toronto, Ontario with respect to all Series, Classes and Tranches of Notes having a Place of Payment in the City of Toronto, Ontario.

13.04 Legal Existence

The Issuer will do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and maintain its status as a Financing Entity.

13.05 Separateness Covenants

The Issuer will take all reasonable steps to maintain the Issuer's identity as a distinct entity with assets and liabilities distinct from those of the Manager and any of its Affiliates. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, the Issuer shall:

(a) not identify the offices of the Manager or any Affiliate thereof as its offices (by signage or otherwise);

(b) not identify the telephone number of the Manager as its telephone number and it will not utilize the stationery, invoices or cheques of the Manager;

(c) conduct all transactions with the Manager strictly on an arm's length basis and in good faith, allocate all overhead expenses for items shared between the Issuer and the Manager on the basis of actual use to the extent practicable and, to the extent such allocation is not practicable, on a basis reasonably related to actual use;

(d) conduct its affairs strictly in accordance with the Declaration of Trust, and observe all necessary, appropriate and trust formalities;

(e) maintain the Issuer's books and records separate from those of the Manager or any Affiliate thereof and otherwise readily identifiable as its own assets rather than assets of the Manager or any Affiliate thereof;

(f) prepare its financial statements separately from those of the Manager and ensure that any consolidated financial statements of the Manager that include the Issuer have notes clearly stating that the Issuer is a separate entity;

(g) only maintain bank accounts or other depository accounts to which the Issuer alone is the account party (or where the Issuer Trustee or the Indenture Trustee will maintain them on behalf of the Issuer), and from which only the Issuer or its agent has the power to make withdrawals;

(h) pay all of the Issuer's operating expenses from the Issuer's own assets (including, for greater certainty, reimbursing the Manager for any such expenses);

(i) continuously maintain the resolutions, agreements and other instruments of the Issuer underlying the transactions described in the Program Agreements as official records of the Issuer separately identified and held apart from the records of the Manager;

(j) maintain its property in such a manner that it is not costly or difficult to segregate, ascertain or otherwise identify its individual assets from or against those of the Manager or any Affiliate thereof; and

(k) not become liable to any Person for any obligations of the Manager or any Affiliate thereof.

13.06 Compliance with Laws

The Issuer will comply with the requirements of all applicable laws, the noncompliance with which would, individually or in the aggregate, materially and adversely affect the ability of the Issuer to perform its obligations under the Program Agreements.

13.07 Performance of Obligations

(a) The Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the Declaration of Trust, the Master Transfer and Servicing Agreement, the other Program Agreements and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all PPSA financing statements and amendments thereto required to be filed by the terms of this Indenture in accordance with and within the time periods provided for herein.

(b) The Issuer (i) will diligently pursue any and all actions to enforce its rights under each instrument or agreement included in the Collateral and (ii) will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any such instrument or agreement or that would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument or agreement, except, in each case, as expressly provided in this Indenture, the Master Transfer and Servicing Agreement or any other Program Agreement.

(c) The Issuer will enforce the Servicer's compliance with and performance of all of the Servicer's material obligations under the Master Transfer and Servicing Agreement. The Issuer will enforce the Manager's compliance with and performance of all of the Manager's material obligations under the Management Agreement.

13.08 Funding Obligations

The Issuer will ensure that all indebtedness is incurred pursuant to and in accordance with Article V.

13.09 Financial Statements

The Issuer will deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies within 140 days after the end of each fiscal year audited financial statements of the Issuer

for the fiscal year, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer, and within 90 days after the end of each fiscal quarter, other than the fiscal quarter of the Issuer ending on the fiscal year end of the Issuer, unaudited financial statements of the Issuer for such fiscal quarter of the Issuer, including the balance sheet and statements of income, retained earnings and changes in financial position of the Issuer.

13.10 Statement as to Compliance

The Issuer will deliver to the Indenture Trustee and the Rating Agencies, on or before March 31 of each year, beginning in 2018, a written statement signed by a Responsible Officer of the Issuer stating that:

(a) a review of the activities of the Issuer during the prior year and of the Issuer's performance under this Indenture and under the terms of the Notes has been made under such Responsible Officer's supervision; and

(b) to the best of such Responsible Officer's knowledge, based on such review, the Issuer has complied in all material respects with all conditions and covenants under this Indenture throughout such year and that no Event of Default has occurred (without regard to any grace period or requirement of notice), or, if there has been a material default in the fulfillment of any such condition or covenant or an Event of Default has occurred (without regard to any grace period or requirement of notice), specifying each such default known to such Responsible Officer and the nature and status thereof.

13.11 Payment Instruction

Promptly after the receipt by the Issuer of each Monthly Report under the Master Transfer and Servicing Agreement, the Issuer will, in cooperation with the Manager, complete the Payment Instruction and deliver a copy thereof to the Indenture Trustee and the Paying Agent (if the Paying Agent is not the Indenture Trustee).

13.12 Notice of Events of Default

The Issuer agrees to give the Indenture Trustee and the Rating Agencies prompt written notice of (i) each Event of Default, (ii) each breach on the part of the Issuer or the Servicer of its respective obligations under the Master Transfer and Servicing Agreement, (iii) each breach on the part of the Manager of its obligations under the Management Agreement, and (iv) any default of the Issuer or a Derivative Counterparty under a Derivative Agreement.

13.13 Issuer To Furnish Indenture Trustee Names and Addresses of Specified Creditors

(a) The Issuer will furnish or cause to be furnished to the Indenture Trustee:

(i) not more than 15 days after each Record Date, in such form as the Indenture Trustee may reasonably require, a list of the names and addresses of the Registered Noteholders of such Classes, Series or Tranches as of such date, and

(ii) at such other times as the Indenture Trustee may request in writing, within 30 days after the receipt by the Issuer of any such request, a list of similar form and content as of a date not more than 15 days before the time such list is furnished;

provided, however, that so long as the Indenture Trustee is the Note Registrar, no such lists shall be required to be furnished.

(b) Upon written request from the Indenture Trustee, within 30 days after the receipt by the Issuer of any such request, the Issuer will furnish or cause to be furnished to the Indenture Trustee a list of the names and addresses of all other Specified Creditors.

13.14 Other Positive Covenants

The Issuer will:

(a) in the event that the Issuer shall be required to file tax returns, the Manager shall prepare or shall cause to be prepared such tax returns and shall provide such tax returns to the Issuer for signature at least five (5) Business Days before such tax returns are due to be filed. The Issuer, in accordance with the terms of each applicable Supplemental Indenture, shall also prepare or shall cause to be prepared all tax information required by applicable law to be distributed to any Noteholder and shall deliver such information to the Indenture Trustee at least 5 Business Days prior to the date it is required by applicable law to be distributed to any Noteholder. The Indenture Trustee, upon written request, will furnish the Manager with all such information known to the Indenture Trustee as may be reasonably requested and required in connection with the preparation of all tax returns of the Issuer;

(b) pay or cause to be paid all Taxes levied, assessed or imposed upon the Issuer and its property or any part thereof, as and when the same become due and payable; provided that the Issuer may protest the payment of any such Taxes if it is acting in good faith and if it either provides the Indenture Trustee with cash in an amount sufficient to satisfy the same or otherwise satisfies the Indenture Trustee that its interests are not prejudiced thereby and the Rating Agency Condition is satisfied;

(c) upon the written request of the Indenture Trustee, use reasonable commercial efforts, following any (i) termination or resignation of the Servicer, the Manager or the Paying Agent or, in each case, any successor thereof; or (ii) termination, non-renewal or expiry of a Liquidity Agreement or a Credit Enhancement Agreement (other than, in the latter case, a termination, non-renewal or expiry which occurs because neither party thereto has any further obligation thereunder), to appoint and enter into an agreement with a successor to such Servicer, Manager or Paying Agent, or replace or renew such Liquidity Agreement or Credit Enhancement Agreement, in form and substance the same as the applicable provisions in the previously existing Program Agreement and will notify the Indenture Trustee and the Rating Agencies of each such occurrence and new agreement, and will execute

and deliver all Supplemental Indentures and amendments hereto and all instruments of further assurance and other instruments and will take other and further action as the Indenture Trustee, relying on the advice of counsel, may consider necessary or advisable to assign and render subject to this Indenture any such agreement; and

(d) deliver or cause to be delivered to the Indenture Trustee and the Rating Agencies on a confidential basis (excepting only, on the part of the Rating Agencies, for purposes of rating the securities of the Issuer) (i) copies of all Program Agreements (including any amendments thereto) in effect from time to time; and (ii) such reports and other information relating to the conduct of the business and affairs of the Issuer as the Indenture Trustee and the Rating Agencies may reasonably require including, without limitation, information pertaining to any actual or anticipated Event of Default or other event which could reasonably be anticipated to have a material adverse effect on the affairs of the Issuer.

13.15 Rule 144A Information

For so long as Notes of any Class, Series or Tranche are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Exchange Act, the Issuer agrees to provide to any Noteholder of such Class, Series or Tranche and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such Noteholder or prospective purchaser to satisfy the conditions set forth in Rule 144A(d)(4) under the Securities Exchange Act.

13.16 Further Instruments and Acts

Upon request of the Indenture Trustee or as necessary, the Issuer will execute and deliver such further instruments and do such further acts (including, but not limited to, disclosing or causing to be disclosed information) as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

13.17 No Other Business

The Issuer will not engage in any business other than as permitted under the Declaration of Trust or the other Program Agreements and activities ancillary thereto.

13.18 Amendments to Program Agreements

(a) The Issuer will not:

(i) amend, supplement, modify, restate or replace, or waive or consent to a postponement of compliance with the terms and conditions on the part of any other party to, any of the Funding Obligation Agreements (other than this Indenture and Derivative Agreements) if any such supplementation, amendment, modification, restatement or replacement, or waiver or consent, could reasonably be considered to be materially prejudicial to the rights or interests of any Specified Creditor, except as expressly permitted

by such Specified Creditor, and unless the Rating Agency Condition is satisfied; or

(ii) consent, if consent is required, to the resignation of the Manager under the Management Agreement unless the Rating Agency Condition is satisfied.

(b) The Issuer will not amend the Declaration of Trust if such amendment would have an Adverse Effect or would reasonably be expected to have an Adverse Effect at any time in the future; provided that if an amendment would have, or would reasonably be expected to have, an Adverse Effect, such amendment may only be made with the consent of the Debtholders affected thereby, acting pursuant to an Ordinary Resolution.

13.19 Issuer May Consolidate, Etc., Only on Certain Terms

The Issuer shall not consolidate or merge with or into any other Person, or sell, convey, exchange, transfer or otherwise dispose of any of its properties or assets included in the Collateral to any Person (in this Section 13.19, a "**transaction**"), unless:

(a) the Person (if other than the Issuer) formed by or surviving the consolidation or merger, or the Person that acquires by conveyance or transfer the properties and assets of the Issuer the conveyance or transfer of which is restricted, as applicable, shall: (i) be a Financing Entity, (ii) be organized and existing under the laws of Canada or any province or territory thereof, (iii) not be a Non-resident, (iv) not be subject to regulation as an "investment company" under the Investment Company Act, (v) expressly assume, pursuant to an assignment and/or assumption agreement or supplement executed and delivered to the Indenture Trustee, in a form satisfactory to the Indenture Trustee, the due and punctual payment of all Obligations Secured then outstanding and the performance or observance of every agreement and covenant of the Issuer in this Indenture and the other Program Agreements to which the Issuer is a party; and (vi) in the case of a conveyance or transfer only, expressly agree, by means of such assignment and/or assumption agreement or supplement, that (A) all right, title and interest so conveyed or transferred is subject and subordinate to the Security Interest, and (B) it shall make all filings required by applicable securities laws in connection with the Notes;

(b) immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing;

(c) the Issuer shall have delivered to the Indenture Trustee an Issuer Certificate and an Opinion of Counsel each stating that (i) such transaction and the agreements delivered in connection therewith comply with this Section 13.19, (ii) all conditions precedent in this Section 13.19 relating to such transaction have been complied with, and (iii) each agreement delivered in connection with such transaction has been duly authorized, executed and delivered, and is valid, binding and enforceable against the surviving Person or transferee, as applicable;

(d) the Rating Agency Condition shall have been satisfied with respect to such transaction; and

(e) any action that is necessary to maintain the Security Interest shall have been taken.

13.20 Successor Substituted

Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Issuer substantially as an entirety in accordance with Section 13.19, the Person formed by or surviving such consolidation or merger (if other than the Issuer) or the Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under this Indenture with the same effect as if such Person had been named as the Issuer herein. In the event of any such conveyance or transfer, the Person named as the Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 13.20 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer.

13.21 Guarantees, Loans, Advances and Other Liabilities

Except as contemplated by this Indenture or the Declaration of Trust, the Issuer shall not make any loan or advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing or otherwise), endorse or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stocks or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

13.22 Capital Expenditures

The Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets.

13.23 Restricted Payments

The Issuer is permitted to declare or make payable any amounts to the owner of units in the Issuer as permitted or in accordance with the Declaration of Trust, and redeem, purchase, retire or otherwise acquire for value any units in the Issuer, provided that the Issuer may only satisfy the distribution declared or made payable, or the redemption or purchase price of any units so redeemed, purchased, retired or otherwise acquired, in cash or property to the extent that cash or property is available for such purpose, subject to Sections 7.04 and 8.13. For greater certainty, if the Issuer is restricted from satisfying the foregoing amounts in cash or property pursuant to the provisions of this Section, then the Issuer shall satisfy such amounts through the issuance of additional units and/or a promissory note to its unitholders in accordance with the Declaration of Trust. The Issuer Trustee is permitted to make or cause to be made payments to the Indenture Trustee pursuant to Sections 9.05 and 13.26.

13.24 No Borrowing

The Issuer will not issue, incur, assume, guarantee or otherwise become liable, directly or indirectly, for any additional indebtedness, except for Funding Obligations and pursuant to the Program Agreements.

13.25 Other Negative Covenants

The Issuer will not:

(a) claim any credit on, or make any deduction from the principal or interest payable in respect of, the Notes or Borrowings (other than amounts withheld or deducted as described in Section 16.02);

(b) permit the validity or effectiveness of this Indenture to be impaired, or permit the Security Interest to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations hereunder with respect to any Program Agreements except as may be expressly permitted hereby;

(c) permit any Lien (other than Permitted Liens) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof;

(d) sell, transfer, exchange or otherwise dispose of any of the Collateral except as may be expressly permitted hereby;

(e) release any security or guarantee in respect of the Collateral;

(f) voluntarily dissolve or liquidate; or

(g) take any action that would cause it to be treated as engaged in a "trade or business within the United States" within the meaning of applicable U.S. tax law interpreting section 864 of the Internal Revenue Code or its successor or predecessor provisions.

13.26 Indenture Trustee May Perform Covenants

If the Issuer fails to perform any of its covenants herein contained, the Indenture Trustee may, subject to the receipt of indemnification and funding reasonably acceptable to the Indenture Trustee as provided in Section 9.02(d), itself perform the covenant if the covenant is capable of being performed by the Indenture Trustee and, if the covenant requires the payment or expenditure of money, the Indenture Trustee may make the payment or expenditure with its own funds or with money borrowed by or advanced to it for such purpose, but will be under no obligation to do so; and all sums so expended or advanced will bear interest at the rate of interest charged to the Indenture Trustee by its bankers from the date of expenditure until repayment and will (together with such interest) be paid by the Issuer upon demand and will until paid form part of the Obligations Secured and constitute a Lien on the Collateral to which such covenant related in priority to the Security Interest and will be payable out of any funds coming into possession of the

Indenture Trustee hereunder. No performance or payment will be deemed to relieve the Issuer from the consequences of the occurrence of any Event of Default hereunder.

ARTICLE XIV
MANAGEMENT AGREEMENT AND CREDIT ENHANCEMENT AGREEMENTS

14.01 Management Agreement

The Indenture Trustee acknowledges that the Issuer has entered into the Management Agreement which provides, among other things, for the provision of certain services and the performance by the Manager of certain obligations of the Issuer under this Indenture connected with the Issuer Investment Interest, the incurrence of Issuer Funding Obligations and all registrations required pursuant to Section 4.05. Accordingly, any obligation of the Issuer hereunder performed by the Manager on behalf of the Issuer will be deemed to have been performed by the Issuer and any payments referred to hereunder received or received and applied against the Issuer Funding Obligations by the Manager on behalf of the Issuer will be deemed to have been received or received and applied by the Issuer. The Indenture Trustee may act and rely on any instrument or report referred to hereunder prepared by the Manager on behalf of the Issuer as if the instrument or report had been prepared by the Issuer.

14.02 Credit Enhancement Agreements

The Indenture Trustee acknowledges that the Issuer may enter into one or more Credit Enhancement Agreements which provide, among other things, for the right of the Issuer, the Indenture Trustee or the Manager, as attorney for the Issuer, to make drawings on Credit Enhancers for the purpose of paying maturing Issuer Funding Obligations and repaying Borrowings under Liquidity Agreements. The Indenture Trustee hereby appoints the Manager as the Indenture Trustee's attorney, with full authority in the place and stead of and in the name of the Indenture Trustee or otherwise, from time to time to make any drawings pursuant to a Credit Enhancement Agreement (provided that written notice of any drawings shall be given by the Manager to the Indenture Trustee) and, in that connection, to execute and deliver all such documents, instruments and certificates including, without limitation, any drawing certificates required to be delivered to a Credit Enhancer at the time any drawing is made, and to do all such further acts and things and to take all such proceedings as the Manager in its sole discretion deems necessary or desirable to enforce compliance by a Credit Enhancer with the terms of a Credit Enhancement Agreement.

ARTICLE XV
NOTICES

15.01 Notice to Issuer

Any notice, document or other communication required or permitted to be given or delivered to the Issuer hereunder will be in writing and will be valid and effective if given by delivery to the addresses indicated below or by facsimile or email transmission at such addresses (with, in the case of facsimile or email transmission, receipt confirmed, either by telephone, reply facsimile or reply email, or, in the case of email transmission, through the email software itself) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile or email transmission, on the day

receipt thereof has been confirmed in accordance with the provisions of this Section 15.01. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day:

Fair Hydro Trust
c/o Ontario Power Generation Inc.
700 University Avenue
Toronto, Ontario M5G 1X6

Attention: [■]
Fax: (416) [■]
Email: [■]

with copies to:

Computershare Trust Company of Canada, in its capacity as
Issuer Trustee for Fair Hydro Trust
100 University Avenue, 11th Floor
Toronto, Ontario M5J 2Y1

Attention: [■]
Fax: (416) [■]
Email: [■]

15.02 Notice to the Indenture Trustee

Any notice, document or other communication required or permitted to be given or delivered to the Indenture Trustee hereunder will be in writing and will be valid and effective if given by delivery to the address indicated below or by facsimile transmission at such address (with, in the case of facsimile transmission, receipt confirmed, either by telephone or reply facsimile) and such notice, document or other communication shall be deemed to have been received, if given by delivery, on the day of delivery, and, if sent by facsimile transmission, on the day receipt thereof has been confirmed in accordance with the provisions of this Section 15.02. Such notice shall, if given on a day other than a Business Day or after the normal business hours of the Indenture Trustee on a Business Day, be deemed to have been given on the next Business Day:

BNY Trust Company of Canada
One York Street, 6th Floor
Toronto, Ontario M5J 0B6

Attention: Corporate Trust Services
Fax: (416) 360-1711

15.03 Notice to Noteholders

(a) Any notice, document or other communication required or permitted to be given or delivered hereunder to Registered Noteholders will be deemed to be validly given if sent to a destination within Canada by first class mail and if sent to a destination

outside of Canada by airmail, postage prepaid in each case, or sent by facsimile transmission or email transmission, addressed in each case to the Registered Noteholder at its address appearing in the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Registered Noteholders is given by mail, facsimile or electronic transmission, neither the failure to mail, send by facsimile or send by electronic transmission such notice, nor any defect in any notice so mailed, to any particular Noteholders will affect the sufficiency of such notice with respect to other Noteholders and any notice that is mailed, sent by facsimile or sent by electronic transmission in the manner herein provided shall conclusively have been presumed to have been duly given.

(b) No notice will be given by mail, facsimile, email transmission or otherwise delivered to a holder of Bearer Notes or coupons in bearer form. In the case of any Class, Series or Tranche with respect to which any Bearer Notes are Outstanding, any notice required or permitted to be given to holders of such Bearer Notes will be published in an Authorized Newspaper within the time period prescribed in this Indenture or the Related Supplemental Indenture.

(c) In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or otherwise, it will be impractical to mail notice of any event to any holder of a Registered Note when such notice is required to be given pursuant to any provision of this Indenture, then any method of notification as will be satisfactory to the Indenture Trustee and the Issuer will be deemed to be a sufficient giving of such notice.

(d) With respect to any Series or Tranche of Notes, the Related Supplemental Indenture may specify different or additional means of giving notice to the Noteholders of such Series or Tranche.

(e) Where this Indenture, any Supplemental Indenture or any Registered Note provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver will be the equivalent of such notice. Waivers of notice by Registered Noteholders will be filed with the Indenture Trustee, but such filing will not be a condition precedent to the validity of any action taken in reliance upon such waiver.

15.04 Notice to Other Specified Creditors

Any notice, document or other communication required or permitted to be given or delivered to (i) a Lender will be given in accordance with the relevant Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement; (ii) the Manager will be given in accordance with the Management Agreement; (iii) a Derivative Counterparty will be given in accordance with the relevant Derivative Agreement; and (iv) any other Specified Creditor will be given in accordance with the relevant Program Agreement.

15.05 Notice to Rating Agencies

Any notice, document or other communication required or permitted to be given or delivered to the Rating Agencies hereunder will be in writing and will be given by delivery to the applicable addresses provided to the Issuer by the Rating Agencies or by facsimile or electronic transmission. Any such notice shall, if given on a day other than a Business Day or after the normal business hours of the recipient on a Business Day, be deemed to have been given on the next Business Day. Where this Indenture provides for notice to any Rating Agency, failure to give such notice will not affect any other rights or obligations created hereunder and will not under any circumstance constitute an Adverse Effect.

15.06 Change of Address

Any Person referenced above may from time to time notify any other interested Person, in accordance with the provisions hereof, of any change of address which thereafter, until changed by like notice, shall be the address of such Person for all purposes of this Indenture.

ARTICLE XVI
MISCELLANEOUS

16.01 No Petition

The Indenture Trustee, by entering into this Indenture, and each Specified Creditor by accepting its rights as a third party beneficiary hereunder, agrees, to the fullest extent permitted by applicable law, that at no time until one year and one day following repayment in full of all Issuer Funding Obligations shall it commence, or join in commencing, a bankruptcy case or other insolvency or similar proceeding under the laws of any jurisdiction against the Issuer.

16.02 Withholding Rights

The right of any Person to receive amounts described in this Indenture, including rights of a Noteholder to receive interest on or principal of a Note, or the rights of a Person to receive payments described in Section 7.04 and 8.13, shall be subject to any applicable withholding or deduction imposed pursuant to the Income Tax Act or other applicable tax law, including foreign withholding and deduction. Any amounts properly withheld or deducted shall be treated as actually paid to the appropriate recipient, provided that such deduction or withheld amounts are actually remitted in accordance with applicable law to the appropriate Governmental Authority.

16.03 U.S. Tax Treatment

The Issuer and each Noteholder that is a United States Person agree that the Notes are intended to be debt for United States federal, state and local income and franchise tax purposes and agree to treat the Notes accordingly for all such purposes, unless otherwise required by a taxing authority. Each Noteholder that is a United States Person further agrees that it will cause any Note Owner that is a United States Person acquiring an interest in a Note through it to comply with this Indenture as to treatment as indebtedness for United States federal, state and local income and franchise tax purposes as described in this Section 16.02.

16.04 Alternate Payment Provisions

Notwithstanding any provision of this Indenture or any of the Notes to the contrary, the Issuer, with the written consent of the Indenture Trustee, may enter into any agreement with any Noteholder providing for a method of payment or notice that is different from the methods provided for in this Indenture for such payments or notices. The Issuer will furnish to the Indenture Trustee a copy of each such agreement and the Indenture Trustee will cause payments or notices, as applicable, to be made in accordance with such agreements.

16.05 Final Distribution

(a) The Issuer shall give the Indenture Trustee at least 30 days written notice of the Payment Date on which the Noteholders of any Class, Series or Tranche may surrender their Notes for payment of the final distribution on and cancellation of such Notes. Not later than the fifth day of the month in which the final distribution in respect of such Class, Series or Tranche is payable to Noteholders, the Indenture Trustee shall provide notice to Noteholders of such Class, Series or Tranche specifying (i) the date upon which final payment of such Class, Series or Tranche will be made upon presentation and surrender of Notes of such Class, Series or Tranche at the office or offices therein designated, (ii) the amount of any such final payment, and (iii) that the Record Date otherwise applicable to such Payment Date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified (which, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). The Indenture Trustee shall give such notice to the Note Registrar and the Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Class, Series or Tranche of Notes (or the termination of the Issuer), except as otherwise provided in this paragraph, all funds then on deposit in any Series Account allocated solely to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and the Paying Agent or the Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated. In the event that all such Noteholders shall not surrender their Notes for cancellation within 6 months after the date specified in the notice from the Indenture Trustee described in paragraph (a), the Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto (which surrender and payment, in the case of Bearer Notes, shall be outside the United States **[and Canada]**). If within one year after the second notice all such Notes shall not have been surrendered for cancellation, the Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. The Indenture Trustee and the Paying Agent shall pay to the Issuer any monies held by them for the payment of principal or interest that remains unclaimed for 2 years. After payment to the Issuer, Noteholders entitled to the

money must look to the Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

16.06 Force Majeure

In no event shall the Indenture Trustee or the Issuer Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Indenture Trustee and the Issuer Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

16.07 Delivery of Executed Copies

Each party acknowledges delivery of a fully executed copy of this Indenture.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

COMPUTERSHARE TRUST COMPANY OF CANADA, in its capacity as trustee of **FAIR HYDRO TRUST**, as Issuer

By: **ONTARIO POWER GENERATION INC.**, not in its individual capacity but solely as Manager

By: _____

Name:
Title:

By: _____

Name:
Title:

BNY TRUST COMPANY OF CANADA, as Indenture Trustee and not in its individual capacity

By: _____

Name:
Title:

Schedule A
DEFINED TERMS

"**Act**" means *Ontario Fair Hydro Plan Act, 2017*.

"**Action**" has the meaning specified in Section 1.04.

"**Adverse Effect**" means, whenever used in this Indenture with respect to any action, that such action will at the time of its occurrence (a) result in the occurrence of an Event of Default or any event which with the giving of notice or passage of time, or both, would become an Event of Default, (b) adversely affect the amount or timing of any payment to be made to any Debtholder or Derivative Counterparty pursuant to this Indenture or any Program Agreement, (c) materially adversely affect the amount or timing of payments to be made to the Specified Creditors (other than Debtholders and Derivative Counterparties) pursuant to this Indenture or any Program Agreement, or (d) adversely affect the Security Interest and the rights and remedies of the Indenture Trustee in respect thereof.

"**Affected Party**" has the meaning specified in the applicable Derivative Agreement.

"**Affiliate**" means, with respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "**control**" when used with respect to any specified Person means the power to direct the management and policies of such specified Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means an agency agreement made between the Issuer and one or more Persons acting on behalf of the Issuer, providing for the sale and distribution of Notes on an agency basis.

"**Authorized Newspaper**" means any newspaper or newspapers of general circulation, in the case of Notes issued in the United States, in the Borough of Manhattan, The City of New York, and in the case of Notes issued in Canada, in the City of Toronto, in each case printed in the English language and customarily published on each Business Day at such place, whether or not published on Saturdays, Sundays or holidays, or if and so long as Notes of any Class, Series or Tranche are listed on any securities exchange and that exchange so requires, the newspaper of record required by the applicable securities exchange, printed in any language satisfying the requirements of such exchange.

"**Available Collections**" means, for any Monthly Period: (a) the Servicer CEA Collections paid to the Issuer in accordance with Section **[3.3]** of the Master Transfer and Servicing Agreement, plus investment earnings allocable to the amounts on deposit in any Issuer Account, plus any other amounts, or allocable portion thereof, to be treated as Available Collections, subject to this Indenture and any applicable Supplemental Indenture; (b) the IESO Carrying Cost Payments; and (c) amounts received by the Issuer pursuant to Derivative Agreements.

"**Bearer Note**" means a Note in bearer form.

"**Benefit Plan**" means an "employee benefit plan" as defined in Section 3(3) of ERISA, which is subject to the provisions of Title I of ERISA, a "plan" described in and subject to Section 4975 of the Code, or an entity whose underlying assets include "plan assets" by reason of an employee benefit plan's investment in the entity.

"**Borrowing**" means a borrowing or drawing by the Issuer pursuant to a Liquidity Agreement, a Loan Agreement or a Credit Enhancement Agreement.

"**Business Day**" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are, or the office of the Indenture Trustee is, authorized or obligated by applicable law, regulation or executive order to be closed.

"**Canadian Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within Canada, CDS Clearing and Depository Services Inc., or any successor thereto registered as a clearing agency under the *Securities Act* (Ontario), or other applicable statute or regulation.

"**Certificate of Authentication**" means the certificate of authentication of the Indenture Trustee, the form of which is described in Section 3.03.

"**Chairman**" has the meaning specified in subsection 10.01(d).

"**Change of Law Protection Agreement**" means the change of law protection agreement dated [■], 2017 among the Province, the Issuer and the Indenture Trustee.

"**Class**" or "**Class of Issuer Funding Obligations**" means the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations **[and the Derivative Funding Obligations]**, each of which shall be a class of Issuer Funding Obligations.

"**Closing Date**", with respect to any Series of Issuer Funding Obligations, has the meaning specified in the Related Funding Obligation Agreement.

"**Collateral**" has the meaning specified in Section 2.01.

"**Collection Account**" has the meaning specified in subsection 7.02(a).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Controlling Class Obligations** means: (a) Senior Funding Obligations until such time as all Senior Funding Obligations have been paid in full; then (b) if all Senior Funding Obligations have been paid in full, Subordinated Funding Obligations until such time as all Subordinated Funding Obligations have been paid in full; then (c) if all Senior Funding Obligations and Subordinated Funding Obligations have been paid in full, Junior Subordinated Funding Obligations until such time as all Junior Subordinated Funding Obligations have been paid in full; and finally (d) if all Issuer Funding Obligations have been paid in full, all other Obligations Secured.

"**Co-Owner Agreement**" means any agreement between, *inter alia*, the Issuer and any other owner or owners of an Investment Interest as contemplated by subsection 29(5) of the Act.

"**Corporate Trust Office**" means the office of the Indenture Trustee at which, at any particular time, its corporate trust business shall be administered, which office as of the date hereof is located at One York Street, 6th Floor, Toronto, Ontario M5J 0B6, or at such other address as the Indenture Trustee may designate from time to time by notice to the Specified Creditors and the Issuer, or the principal corporate trust office of any successor trustee designated by like notice.

"**Credit Enhancement**" means any form of credit enhancement (howsoever characterized) for any Obligations Secured, including any letter of credit, letter of guarantee, insurance policy, surety bond, cash reserve account, spread account, guaranteed rate agreement, note purchase agreement, loan facility or other similar agreement established for the benefit of a Lender or Noteholder, as applicable, and including any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as "Credit Enhancement" for purposes hereof.

"**Credit Enhancement Agreement**" means any credit enhancement agreement entered into hereafter between the Issuer and one or more Credit Enhancers, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing Credit Enhancement in respect of Obligations Secured, and includes any letter of credit, guarantee, surety bond or other instrument executed and delivered by such Credit Enhancer(s).

"**Credit Enhancer**" means any Person providing Credit Enhancement to the Issuer or in respect of Obligations Secured.

"**DBRS**" means DBRS Limited, or any successor thereof.

"**Debtholder**" means a Noteholder or a Lender.

"**Debtholder Group**" has the meaning specified in subsection 10.01(a)

"**Declaration of Trust**" means the declaration of trust made as of [■], 2017 under which the Issuer was established.

"**Defaulting Party**" has the meaning specified in the applicable Derivative Agreement.

"**Deferred Principal Accumulation Amount**" means, on any Payment Date, the amount by which the aggregate of the Principal Accumulation Amount (Senior), the Principal Accumulation Amount (Subordinated) and the Principal Accumulation Amount (Junior Subordinated) for such Payment Date determined without reference to any Refinancing Notices is greater than the amount on deposit in the Principal Accumulation Account.

"**Depository**" means a Canadian Depository, a U.S. Depository or a Foreign Depository, as the case may be.

"**Derivative Agreement**" means any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, total return swap transaction, credit default swap transaction or any other similar transaction (including any option with respect to any of those transactions) or any combination of

these transactions entered into from time to time by the Issuer in connection with or related to Borrowings or Notes.

"**Derivative Counterparty**" means any party to any Derivative Agreement other than the Issuer or the Indenture Trustee.

"**Derivative Funding Obligations**" means Funding Obligations arising under, or in connection with, Derivative Agreements.

"**Discount Note**" means a Note that provides for an amount less than the Stated Principal Amount (but not less than the Initial Currency Specific Dollar Principal Amount) thereof to be due and payable upon the occurrence of an optional or mandatory redemption, or the occurrence of an Event of Default and the acceleration of such Note, in each case before the Principal Payment Due Date of the applicable Note.

"**Dollar**," "**$**" or "**Cdn. $**" means Canadian dollars.

"**Electronic Methods**" means delivery of any notice or form of communication by facsimile, pdf or e-mail, or by other similar electronic means in a form satisfactory to the Issuer.

"**Eligible Deposit Account**" means, in relation to any Issuer Account, an account that is a segregated account with an Eligible Institution.

"**Eligible Institution**" means (a) a trust company or Schedule I chartered bank incorporated under the laws of Canada or any province thereof (i) which has either (x) a long-term unsecured debt rating of A (high) or better by DBRS, or (y) a certificate of deposit rating or short-term credit rating of R-1 (middle) or better by DBRS, (ii) which has (x) either (1) a long-term unsecured debt rating of A or better by S&P and (2) a short-term debt rating of A-1 or better by S&P, (y) a long-term unsecured debt rating of A+ or better by S&P and no short-term rating by S&P, or (z) a short-term debt rating of A-1 or better by S&P and no long-term unsecured debt rating by S&P, and (iii) whose deposits are insured by Canada Deposit Insurance Corporation, or (b) any institution that otherwise satisfies the Rating Agency Condition.

"**Eligible Investments**" means instruments or investment property that evidence:

(a) direct obligations of, or obligations fully and unconditionally guaranteed as to timely payment by, Canada or the United States of America;

(b) demand or time deposits of, unsecured certificates of deposit of, money market deposit accounts of, bank deposit products of or bankers' acceptances issued by, any depository institution (including, but not limited to, bank deposit products of the Indenture Trustee, acting in its commercial capacity) incorporated or organized under the laws of the United States of America, Canada or any state or province thereof and subject to supervision and examination by applicable banking authorities, so long as the commercial paper or other short-term debt obligations of such depository institution are, at the time of deposit, rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's and, if DBRS provides a rating

thereon, by DBRS, or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(c) commercial paper (including commercial paper of the Indenture Trustee, acting in its commercial capacity, and other than commercial paper of the Servicer), which at the time of purchase is rated at least "A-1" and "P-1" (or their equivalents) by each of S&P and Moody's or such lower rating as will not result in the downgrading or withdrawal of the ratings of the Issuer or any of the Issuer Funding Obligations;

(d) investments in money market funds having a rating in the highest investment category granted thereby (including funds for which the Indenture Trustee or any of its Affiliates is investment manager or advisor) from Moody's, S&P and DBRS, if rated by DBRS;

(e) repurchase obligations with respect to any security that is a direct obligation of, or fully guaranteed by, the United States of America, Canada or their respective agencies or instrumentalities, entered into with Eligible Institutions;

(f) repurchase obligations with respect to any security or whole loan entered into with an Eligible Institution or with a registered broker/dealer acting as principal and that meets the ratings criteria set forth below:

(i) a broker/dealer (acting as principal) registered as a broker or dealer under the Securities Act (any such broker/dealer being referred to in this definition as a "broker/dealer"), the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of entering into such repurchase obligation; or

(ii) an unrated broker/dealer, acting as principal, that is a wholly-owned subsidiary of a non-bank or bank holding company the unsecured short-term debt obligations of which are rated at least "P-1" by Moody's, "A-1+" by S&P and, if DBRS provides a rating thereon, "R-1" by DBRS at the time of purchase so long as the obligations of such unrated broker/dealer are unconditionally guaranteed by such non-bank or bank holding company; and

(g) any other investment permitted by each of the Rating Agencies;

in each case maturing not later than the Business Day preceding the next Payment Date (for the avoidance of doubt, investments in money market funds or similar instruments that are redeemable on demand shall be deemed to satisfy the foregoing requirement). Notwithstanding the foregoing: (1) no securities or investments that mature in 30 days or more shall be "Eligible Investments" unless the issuer thereof has either a short-term unsecured debt rating of at least "P-1" from Moody's or a long-term unsecured debt rating of at least "A1" from Moody's and also has a long-term unsecured debt rating of at least "A" from S&P; (2) no securities or investments described in clauses (b) through (d) above that have maturities of more than 30 days but less than or equal to

3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's; and (3) no securities or investments described in clauses (b) through (d) above that have maturities of more than 3 months shall be "Eligible Investments" unless the issuer thereof has a long-term unsecured debt rating of at least "A1" from Moody's and a short-term unsecured debt rating of at least "P-1" from Moody's.

"**ERISA**" means the *Employee Retirement Income Security Act* of 1974, as amended.

"**Event of Default**" has the meaning specified in Section 8.01.

"**Exchange Date**" means, with respect to any Class, Series or Tranche of Notes, the latest of:

(a) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in registered form, any date that is after the related issuance date;

(b) in the case of exchanges of beneficial interests in Temporary Global Notes for beneficial interests in Permanent Global Notes in bearer form, the date of presentation of certification of non-United States beneficial ownership (as described in Section 3.05); and

(c) the earliest date on which such an exchange of a beneficial interest in a Temporary Global Note for a beneficial interest in a Permanent Global Note is permitted by applicable law.

"**Extraordinary Resolution**" means a resolution passed by the affirmative votes of Debtholders of not less than 66⅔% of the Outstanding Dollar Principal Amount of all Controlling Class Obligations represented and voting at a meeting of Debtholders of all Controlling Class Obligations duly convened and held in accordance with the provisions of this Indenture.

"**Fair Allocation Amount**" has the meaning ascribed to the term "fair allocation amount" in the Act as of the date of this Indenture.

"**Fair Hydro Regulations**" means the regulations made under the Act including Ontario regulations 206/17 and 195/17

"**Finance Amount**" has the meaning ascribed to the term "finance amount" in the Act as of the date of this Indenture.

"**Financing Entity**" has the meaning ascribed to the term "financing entity" in the Act as of the date of this Indenture.

"**Financing Plan**" has the meaning ascribed to the term "financing plan" in the Act as of the date of this Indenture.

"**Foreign Currency**" means (a) a currency other than Dollars, or (b) denominated in a currency other than Dollars.

"**Foreign Currency Note**" means a Note denominated in a Foreign Currency.

"**Foreign Depository**" means the Person specified in the Related Supplemental Indenture, in its capacity as depository for the accounts of any clearing agencies located outside Canada and the United States.

"**Funding Obligation Agreement**" means any Notes, any Supplemental Indenture (including any Terms Document), any Liquidity Agreement, any Loan Agreement, any Credit Enhancement Agreement or any Derivative Agreement.

"**Funding Obligation**" has the meaning ascribed to the term "funding obligation" in the Act as of the date of this Indenture.

"**Global Note**" means any Note issued pursuant to Section 3.04.

"**Governmental Authority**" means any nation or government, any federal, state, provincial, local or other political subdivision thereof and any court, administrative agency or other instrumentality or entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"**IESO**" means the Independent Electricity System Operator, a statutory corporation without share capital established by the *Electricity Act, 1998*, SO, 1998.

"**IESO Carrying Cost Payments**" means those amounts paid to the Issuer by the IESO pursuant to the Act and the regulations promulgated thereunder.

"**IESO Security Agreement**" means the security agreement made by the IESO in favour of the Issuer pursuant to the Act and the regulations promulgated thereunder.

"**Income Tax Act**" means the *Income Tax Act* (Canada).

"**Indenture**" or "**this Indenture**" means this Trust Indenture, as amended, supplemented, restated or otherwise modified from time to time, including by Supplemental Indentures for the issuance of Series of Notes entered into pursuant to the applicable provisions hereof.

"**Indenture Trustee**" means the Person named as the Indenture Trustee in the first paragraph of this Indenture until a successor Indenture Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Indenture Trustee" means and includes such Person.

"**Initial Currency Specific Dollar Principal Amount**" means with respect to a Series or Tranche in a Series that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Currency Specific Dollar Principal Amount thereof.

"**Initial Dollar Principal Amount**" means (a) unless otherwise specified in the applicable Supplemental Indenture, with respect to a Class, Series or Tranche of Notes, the aggregate initial principal amount of the Outstanding Notes of such Class, Series or Tranche plus the aggregate initial principal amount of any additional Notes of such Class, Series or Tranche, and (b) with

respect to a Class, Series or Tranche of Discount Notes that includes Foreign Currency Notes, the amount specified in the applicable Supplemental Indenture as the Initial Dollar Principal Amount thereof.

"**Insolvency Event**" means, with respect to a specified Person, the specified Person admits the inability of such specified Person to pay its liabilities generally as they become due or makes a general assignment for the benefit of the creditors of such specified Person or otherwise acknowledges the insolvency of such specified Person or any proceeding shall be instituted by or against such specified Person seeking to adjudicate it a bankrupt or insolvent or seeking liquidation, winding up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of its debts under any law relating to bankruptcy, insolvency, reorganization, moratorium or relief of debtors or seeking the entry of an order for relief by the appointment of a receiver, trustee or other similar official for such specified Person or for any substantial part of its property and if such proceeding has been instituted against such specified Person either such proceeding has not been stayed or dismissed within 45 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver) are granted in whole or in part, or if a receiver is privately appointed in respect of such specified Person or of the property of such specified Person or any substantial part thereof.

"**Interest Accrual Amount (Junior Subordinated)**" means, in respect of any Payment Date and all Junior Subordinated Funding Obligations, the amount of interest that accrued on such Junior Subordinated Funding Obligations during the period from and including the issuance date of such Junior Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Junior Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(xiii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(a).

"**Interest Accrual Amount (Senior)**" means, in respect of any Payment Date and all Senior Funding Obligations, the amount of interest that accrued on such Senior Funding Obligations during the period from and including the issuance date of such Senior Funding Obligations or the last date to which interest has been paid in respect of such Senior Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(iii)(A).

"**Interest Accrual Amount (Subordinated)**" means, in respect of any Payment Date and all Subordinated Funding Obligations, the amount of interest that accrued on such Subordinated Funding Obligations during the period from and including the issuance date of such Subordinated Funding Obligations or the last date to which interest has been paid in respect of such Subordinated Funding Obligations, as applicable, to such Payment Date less any amounts deposited to the Interest Accrual Account in respect of such interest accruing during such period pursuant to Section 7.04(e)(viii) plus any amounts transferred from the Interest Accumulation Account to the Principal Accumulation Account pursuant to subsection 7.07(b).

"**Interest Accumulation Account**" has the meaning specified in subsection 7.02(b).

"**Interest Payment Date**" means each Business Day which is an "Interest Payment Date" in respect of any Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Internal Revenue Code**" means the United States Internal Revenue Code of 1986, as amended.

"**Investment Asset**" has the meaning ascribed to the term "investment asset" in the Act as of the date of this Indenture.

"**Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**Investment Interest**" has the meaning ascribed to the term "investment interest" in the Act as of the date of this Indenture.

"**Issuer**" has the meaning specified in the first paragraph of this Indenture.

"**Issuer Accounts**" means, collectively, the Program Accounts and the Series Accounts and including any Sub-Accounts thereof.

"**Issuer Certificate**" means a certificate (including an Officer's Certificate) signed in the name of the Issuer by a Responsible Officer of the Manager on behalf of the Issuer and, in each case delivered to the Indenture Trustee relating to, among other things, the issuance of a new Series or Tranche of Notes. Wherever this Indenture requires that an Issuer Certificate be signed also by an accountant or other expert, such accountant or other expert (except as otherwise expressly provided in this Indenture) may be an employee of the Manager.

"**Issuer Funding Obligations**" means, the Funding Obligations of the Issuer, including the Senior Funding Obligations, the Subordinated Funding Obligations, the Junior Subordinated Funding Obligations and the Derivative Funding Obligations.

"**Issuer Investment Interest**" means, initially, the Investment Interest acquired by the Issuer pursuant to the first Transfer completed under the Master Transfer and Servicing Agreement and, upon the completion of each Transfer thereafter, the cumulative Investment Interest acquired by the Issuer.

"**Issuer Trustee**" means, at any time, the Person who is, in accordance with the Declaration of Trust, the trustee of the Issuer at such time.

"**Junior Subordinated Borrowings**" means Borrowings that have been designated as "Junior Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Junior Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Junior Subordinated Notes and Junior Subordinated Borrowings.

"**Junior Subordinated Notes**" means Notes of a Series that have been designated as "Junior Subordinated Notes" in the Related Supplemental Indenture.

"**Lender**" means any Person providing credit facilities, note purchase facilities or advances under a Liquidity Agreement, Loan Agreement or Credit Enhancement Agreement, as applicable.

"**Lien**" means a security interest, lien, mortgage, charge, pledge, claim or encumbrance of any kind.

"**Liquidity Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more liquidity facilities in respect of all or a portion of the Notes in favour of the Issuer, including a facility to fund the repayment of all or a portion of Notes or that permits the Issuer to require the purchase of Notes by a counterparty, and including further any facility provided by a Person to the Issuer which is specified or acknowledged in writing by the Issuer as a "Liquidity Agreement" for the purposes hereof.

"**Loan Agreement**" means an agreement between the Issuer and one or more Lenders, and acknowledged and accepted by the Indenture Trustee in accordance with Article V, providing for the creation of one or more credit facilities in favour of the Issuer for purposes of purchasing Investment Interests.

"**Management Agreement**" means the management agreement dated [■], 2017 between the Manager and the Issuer.

"**Manager**" means OPG, in its capacity as manager of the Issuer under the Management Agreement.

"**Master Transfer and Servicing Agreement**" means the master transfer and servicing agreement dated [■], 2017 between the Issuer and IESO, and acknowledged and accepted by the Indenture Trustee.

"**Monthly Period**" means, with respect to each Payment Date, unless otherwise provided in a Funding Obligation Agreement, the period from and including the first day of each calendar month and to and including the last day of such calendar month; provided, however, that the initial Monthly Period with respect to any Series of Issuer Funding Obligations will commence on the Closing Date with respect to such Series.

"**Monthly Report**" has the meaning ascribed thereto in Section 3.5(a) of the Master Transfer and Servicing Agreement.

"**Moody's**" means Moody's Investors Service, Inc., or any successor thereof.

"**Non-resident**" means a non-resident of Canada as such term is defined in the Income Tax Act or a partnership that is not a Canadian partnership within the meaning of the Income Tax Act.

"**Note**" or "**Notes**" means any note or notes of any Class, Series or Tranche created pursuant to Supplemental Indentures and authenticated and delivered from time to time under this Indenture.

"**Noteholder**" means a Person in whose name a Note is registered in the Note Register or the bearer of any Bearer Note (including a Global Note in bearer form), as the case may be.

"**Note Owner**" means the beneficial owner of an interest in a Global Note.

"**Note Purchase Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons.

"**Note Register**" has the meaning specified in subsection 4.05(a).

"**Note Registrar**" means the Person who keeps the Note Register.

"**Obligations Secured**" means all present and future debts, expenses and liabilities, direct or indirect, absolute or contingent, due, owing or accruing due or owing from time to time by the Issuer to the Specified Creditors in their capacity as such. For greater certainty, amounts owing to any Specified Creditors by the Issuer at any time shall include (a) the unpaid face amount of any Notes issued on a discount basis; (b) the principal amount owing at such time, together with the accrued and unpaid interest on interest bearing Notes or Borrowings; (c) accrued fees, whether or not then due and payable; and (d) any evidence of indebtedness issued pursuant to or in respect of an amount owing under a Program Agreement (other than amounts payable by the Issuer to its beneficiaries pursuant to the Declaration of Trust or a promissory note issued by the Issuer to a beneficiary as contemplated in the Declaration of Trust).

"**Officer's Certificate**" means a certificate on behalf of any Person that is signed by any Responsible Officer of such Person and states that the certifications set forth in such certificate are based upon the results of a due inquiry into the matters in question conducted by or under the supervision of the signing Responsible Officer and that the facts stated in such certifications are made to such signing Responsible Officer's knowledge and belief.

"**OPG**" means Ontario Power Generation Inc., a corporation established under the laws of the Province of Ontario.

"**Opinion of Counsel**" means one or more written opinions of counsel, who may, except as otherwise expressly provided in the Program Agreements, be employees of or counsel to the party providing such opinion of counsel, which counsel shall be reasonably acceptable to the party receiving such opinion of counsel, and shall be in form and substance reasonably acceptable to such party.

"**Ordinary Resolution**" has the meaning specified in subsection 10.01(e).

"**Outstanding**" means, in respect of Notes, as of the date of determination, all Notes theretofore authenticated and delivered under this Indenture, except:

(a) any Notes theretofore canceled by the Indenture Trustee or delivered to the Indenture Trustee for cancellation pursuant to Section 4.08, or canceled by the Issuer and delivered to the Indenture Trustee pursuant to Section 4.08;

(b) any Notes for whose full payment (including principal and interest) or redemption money in the necessary amount has been theretofore deposited with the Indenture Trustee or any Paying Agent in trust for the holders of such Notes; provided that, if such Notes are to be redeemed, notice of such redemption has been duly given if

required pursuant to this Indenture or the Related Supplemental Indenture, or provision therefor satisfactory to the Indenture Trustee has been made; and

(c) any Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture, or which will have been paid pursuant to the terms of Section 4.06 (except with respect to any such Note as to which proof satisfactory to the Indenture Trustee is presented that such Note is held by a Person in whose hands such Note is a legal, valid and binding obligation of the Issuer).

For purposes of determining the amounts of deposits, allocations, reallocations or payments to be made, unless the context clearly requires otherwise, references to "Notes" will be deemed to be references to "Outstanding Notes". In determining whether Noteholders of the requisite principal amount of Outstanding Notes have taken any Action hereunder, and for purposes of Article X, Senior Notes beneficially owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be disregarded and deemed not to be Outstanding. In determining whether the Indenture Trustee will be protected in relying upon any such Action, only Senior Notes which a Responsible Officer of the Indenture Trustee knows to be owned by the Issuer, OPG or any Affiliate of the Issuer or OPG will be so disregarded. Senior Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee creates to the satisfaction of the Indenture Trustee the pledgee's right to act as owner with respect to such Notes and that the pledgee is not the Issuer, OPG or any Affiliate of the Issuer or OPG.

"**Outstanding Currency Specific Dollar Principal Amount**" means at any time, with respect to any Notes in a Series that includes Foreign Currency Notes, the Initial Currency Specific Dollar Principal Amount of the Outstanding Notes of such Series or Tranche at such time, less the amount of any payments of principal to the holders of such Series of Notes; plus, the amount of any increase in the Outstanding Currency Specific Dollar Principal Amount of such Series of Notes due to the issuance of additional Notes of such Series.

"**Outstanding Dollar Principal Amount**" means at any time:

(a) in respect of Notes, either:

(i) with respect to any Class, Series or Tranche of Notes (other than Discount Notes), the aggregate Initial Dollar Principal Amount of the Outstanding Notes of such Class, Series or Tranche at such time, less the amount of any payments of principal to the holders of such Class, Series or Tranche of Notes or the applicable Derivative Counterparty pursuant to the Related Supplemental Indenture, or

(ii) with respect to any Series or Tranche of Discount Notes, an amount of the Outstanding Notes of such Series or Tranche calculated by reference to the applicable formula set forth in the Related Supplemental Indenture, taking into account the amount and timing of payments of principal made to the holders of such Series or Tranche or the applicable Derivative Counterparty, each pursuant to the Related Supplemental Indenture;

plus, in either case, the amount of any increase in the Outstanding Dollar Principal Amount of such Class, Series or Tranche of Notes due to the issuance of additional Notes of such Class, Series or Tranche pursuant to Article V; and

(b) in respect of other Issuer Funding Obligations, the aggregate principal amount (converted into Dollars, if applicable) of Borrowings under the Liquidity Agreements and the Loan Agreements.

"**Paying Agent**" means any Person authorized by the Issuer to pay any Obligations Secured on behalf of the Issuer as provided in Section 13.03.

"**Payment Date**" means the 15th day of each calendar month.

"**Payment Instruction**" means, with respect to any Series of Issuer Funding Obligations, the instructions of the Manager substantially in the form of Exhibit 1.

"**Permanent Global Note**" has the meaning specified in subsection 3.05(a).

"**Permitted Liens**" means:

(a) Liens for Taxes not yet due or for which installments have been paid based on reasonable estimates pending final assessments, or if due, the validity of which is being contested diligently and in good faith by appropriate proceedings by that Person for which reasonable reserves under GAAP are maintained;

(b) the Lien of any Indenture Trustee, as provided in Section 9.05;

(c) the Security Interest; and

(d) any Lien created pursuant to a Co-Owner Agreement.

"**Person**" means any individual, corporation, limited liability company, unlimited liability company, estate, partnership, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated organization or Governmental Authority.

"**Place of Payment**" means, with respect to any Class, Series or Tranche of Notes issued hereunder, the city or political subdivision so designated with respect to such Class, Series or Tranche of Notes in accordance with the provisions of Article V.

"**PPSA**" shall mean the *Personal Property Security Act* (Ontario).

"**Predecessor Notes**" of any particular Note means every previous Note evidencing all or a portion of the same debt as that evidenced by such particular Note; and, for the purposes of this definition, any Note authenticated and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Note will be deemed to evidence the same debt as the mutilated, lost, destroyed or stolen Note.

"**Principal Accumulation Account**" has the meaning specified in subsection 7.02(c).

"**Principal Accumulation Amount**" means, in respect of any Series of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations and a Payment Date occurring on or after the Principal Accumulation Date for such Series, the amount specified for such Payment Date in the Funding Obligation Agreement in respect of such Series plus any amounts specified in the Funding Obligation Agreement in respect of such Series in respect of prior Payment Dates after the Principal Accumulation Date for such Series which were not deposited to the Principal Accumulation Account; *provided* that if the Issuer has delivered a Refinancing Notice in respect of such Series pursuant to Section 7.09, the Principal Accumulation Amounts in respect of such Series shall be adjusted as provided for in such Refinancing Notice.

"**Principal Accumulation Amount (Junior Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Junior Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Senior)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Senior Funding Obligations for such Payment Date.

"**Principal Accumulation Amount (Subordinated)**" means, in respect of any Payment Date, the sum of the Principal Accumulation Amounts for all Series of Subordinated Funding Obligations for such Payment Date.

"**Principal Accumulation Date**" means, in respect of any Series of Issuer Funding Obligations, other than Derivative Funding Obligations, the date, if any, specified in the related Funding Obligation Agreement.

"**Principal Payment Date**" means each Business Day which is a "Principal Payment Date" under a Funding Obligation Agreement in respect of Senior Funding Obligations, Subordinated Funding Obligations or Junior Subordinated Funding Obligations.

"**Principal Payment Default Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Principal Payment Due Date**" has, with respect to any Issuer Funding Obligation, the meaning specified in the Related Supplemental Indenture or Related Loan Agreement.

"**Program Account**" means each of the Collection Account, the Principal Accumulation Account, the Interest Accumulation Account, the Program Cash Reserve Account and the Refinancing Account.

"**Program Agreements**" means this Indenture, each Supplemental Indenture, the Declaration of Trust, the Management Agreement, the Master Transfer and Servicing Agreement, each Transfer Notice, any Co-Owner Agreements, the IESO Security Agreement, the Change of Law Protection Agreement, the Notes, any Derivative Agreements, Credit Enhancement Agreements, Liquidity Agreements, Loan Agreements, Underwriting Agreements, Agency Agreements or Note Purchase Agreements and all other documents and certificates delivered in connection therewith.

"**Program Cash Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Program Cash Reserve Balance**" means, at any time, the amount on deposit in the Program Cash Reserve Account.

"**Program Cash Reserve Required Amount (Junior Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Junior Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Senior)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Senior Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Subordinated)**" means, on any Payment Date, an amount equal to [■]% of the outstanding principal amount of Subordinated Funding Obligations after giving effect to all settlements on such Payment Date.

"**Program Cash Reserve Required Amount (Total)**" means, on any Payment Date, an amount equal to the sum of the Program Cash Reserve Required Amount (Senior), the Program Cash Reserve Required Amount (Subordinated) and the Program Cash Reserve Required Amount (Junior Subordinated).

"**Program Cash Reserve Required Deposit Amount (Junior Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Total) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Senior)**" means, on any Payment Date, the amount by which the Program Cash Reserve Required Amount (Senior) exceeds the Program Cash Reserve Balance.

"**Program Cash Reserve Required Deposit Amount (Subordinated)**" means, on any Payment Date, the amount by which the aggregate of the Program Cash Reserve Required Amount (Senior) plus the Program Cash Reserve Required Amount (Subordinated) exceeds the Program Cash Reserve Balance.

"**Province**" means Her Majesty the Queen in Right of Ontario as represented by the Minister of Energy and the Minister of Finance.

"**Rating Agency**" means, with respect to any Outstanding Class, Series or Tranche of Notes, each nationally recognized statistical rating organization or designated rating organization, as specified in the Related Supplemental Indenture, selected by the Manager to rate such Notes.

"**Rating Agency Condition**" means, unless otherwise specified in the Related Supplemental Indenture for any Series or Tranche of Notes, with respect to any action subject to such condition, the Issuer shall deliver written notice of the proposed action to such Rating Agency or Rating Agencies at least 10 Business Days prior to the effective date of such action (or such shorter notice period if specified in the Related Supplemental Indenture with respect to any specific action, or if 10 Business Days prior notice is impractical, such advance notice as is practicable) and the Rating Agencies (i) shall not have informed the Issuer prior to the effective date of such action that such action will result in the reduction or withdrawal of the rating in effect with respect to any

Outstanding Notes immediately before the taking of such action, **[or (ii) in the case of S&P, or any successor thereto, when it is a Rating Agency, such Rating Agency shall have informed the Issuer in writing prior to the effective date of such action that such action will not result in the reduction or withdrawal of the rating of any Outstanding Notes immediately before the taking of such action]**, provided that wherever there is reference to satisfaction of a Rating Agency Condition in this Indenture or any other Program Agreement, subject to the terms of the specific Program Agreement which shall govern, such condition need not be satisfied if there is no Rating Agency then rating the applicable Notes or other Notes in respect of which the Rating Agency Condition is applicable. For purposes of this Indenture, any Supplemental Indenture and the Master Transfer and Servicing Agreement, the Indenture Trustee shall receive, and shall be entitled to rely on, an Issuer Certificate confirming the satisfaction of the Rating Agency Condition.

"**Record Date**" means, for the interest or principal payable on any Note on any applicable Payment Date, the last day of the calendar month immediately preceding such Payment Date, unless otherwise specified in the Related Supplemental Indenture.

"**Reference Period**" has the meaning ascribed to the term "reference period" in the Act as of the date of this Indenture.

"**Refinancing**" has the meaning ascribed to the term "refinancing" in the Act as of the date of this Indenture.

"**Refinancing Account**" has the meaning specified in subsection 7.02(b).

"**Refinancing Notice**" means a notice substantially in the form of Exhibit 2.

"**Registered Note**" means a Note issued in registered form.

"**Registered Noteholder**" means a Noteholder of a Registered Note.

"**Regulation AB**" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, and all related rules and regulations of the Commission, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

"**Related**" is used in reference to the Issuer Funding Obligations of a particular Series and means, when used in conjunction with:

(a) "Credit Enhancement Agreement": a Credit Enhancement Agreement pursuant to which Credit Enhancement has been provided in respect of such Issuer Funding Obligations;

(b) "Funding Obligation Agreements": the Funding Obligation Agreements entered into in connection with the incurrence of such Issuer Funding Obligations;

(c) "Liquidity Agreement": a Liquidity Agreement pursuant to which one or more liquidity facilities have been made available to fund the repayment of such Issuer Funding Obligations constituting Notes or, if specified in such Liquidity Agreement, a Series or Tranche of such Issuer Funding Obligations constituting Notes;

(d) "Loan Agreement": a Loan Agreement in respect of Issuer Funding Obligations constituting Borrowings; and

(e) "Supplemental Indenture": a supplement to this Indenture executed in connection with the issuance of such Issuer Funding Obligations constituting Notes.

"**Required Principal Accumulation Amount (Senior)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Senior) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Senior Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Required Principal Accumulation Amount (Subordinated)**" means, in respect of any Principal Payment Date or Interest Payment Date, the aggregate of the Principal Accumulation Amounts (Subordinated) for all Payment Dates up to and including such Principal Payment Date or Interest Payment Date, as applicable, less all amounts that have been applied to principal repayments of Subordinated Funding Obligations on or prior to such Principal Payment Date or Interest Payment Date, as applicable.

"**Responsible Officer**" means, with respect to: (a) the Issuer, any director or officer of the Manager; (b) the Servicer, any director or officer of the IESO; and (c) the Indenture Trustee, any officer within the Corporate Trust Office of such trustee (including the President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Treasurer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by persons who at the time shall be such officers, respectively, and that has direct responsibility for the administration of this Indenture and also, with respect to a particular matter, any other officer to whom such matter is referred to because of such officer's knowledge and familiarity with the particular subject).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereof.

"**Securities Exchange Act**" means the United States Securities Exchange Act of 1934, as amended from time to time.

"**Security Interest**" means the Lien granted pursuant to Section 2.01.

"**Senior Borrowings**" means Borrowings that have been designated as "Senior Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Senior Funding Obligations**" means Funding Obligations arising under, or in connection with, Senior Notes and Senior Borrowings.

"**Senior Principal Shortfall**" has the meaning specified in subsection 7.07(b).

"**Senior Notes**" means Notes of a Series that have been designated as "Senior Notes" in the Related Supplemental Indenture.

"**Series**" means, with respect to any Class of Issuer Funding Obligation, the Series of the Class specified in the Related Funding Obligation Agreement.

"**Series Account**" means each Series Finance Reserve Account and each Series Capital Account.

"**Series Finance Reserve Account**" has the meaning specified in subsection 7.02(g).

"**Series Capital Account**" has the meaning specified in subsection 7.02(f).

"**Servicer**" has the meaning specified in the Master Transfer and Servicing Agreement.

"**Servicer Default**" has the meaning ascribed thereto in Section **[7.1]** of the Master Transfer and Servicing Agreement.

"**Specified Creditors**" means, collectively, Noteholders, Lenders, the Paying Agent, the Indenture Trustee, the Issuer Trustee, the Manager, the Servicer, Derivative Counterparties, Credit Enhancers, counterparties to Underwriting Agreements, Agency Agreements or Note Purchase Agreements, and other Persons in respect of Obligations Secured, in each case, to the extent of their claims related to Program Agreements.

"**Stated Principal Amount**," has, with respect to any Note, the meaning specified in the Related Supplemental Indenture (including a Terms Document).

"**Sub-Account**" means each sub-account of an Issuer Account maintained pursuant to this Indenture or any Funding Obligation Agreement.

"**Subordinated/Senior Principal Shortfall**" has the meaning specified in subsection 7.07(a).

"**Subordinated Borrowings**" means Borrowings that have been designated as "Subordinated Borrowings" in the Related Loan Agreement, Related Liquidity Agreement or Related Credit Enhancement Agreement.

"**Subordinated Funding Obligations**" means Funding Obligations arising under, or in connection with, Subordinated Notes and Subordinated Borrowings.

"**Subordinated Notes**" means Notes of a Series that have been designated as "Subordinated Notes" in the Related Supplemental Indenture.

"**Supplemental Indenture**" means, with respect to any Series of Notes, a supplement to this Indenture, executed and delivered in conjunction with the issuance of such Notes pursuant to Section 4.01, together with any applicable Terms Document for any Tranches of Notes belonging

to such Series and any amendment to the Supplemental Indenture executed pursuant to Section 11.01 or 11.02.

"**Tax**" has the meaning ascribed to the term "tax" in the regulations promulgated under the Act as of the date of this Indenture.

"**Temporary Global Note**" has the meaning specified in Section 3.05(a).

"**Termination Payment**" means all amounts payable upon early termination of any Derivative Agreement calculated in accordance with the terms of such Derivative Agreeement.

"**Terms Document**" means, with respect to any Tranche of Notes, a supplement to the Related Supplemental Indenture.

"**Tranche**" means, with respect to any Series of Notes, Notes of such Series which have identical terms, conditions and Tranche designation. Notes of a single Tranche may be issued on different dates.

"**Underwriting Agreement**" means an agreement providing for the purchase of Notes from the Issuer by one or more Persons as principals for the purpose of resale.

"**United States Person**" means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States of America, any one of the states thereof, the District of Columbia or any political subdivision thereof, or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

"**U.S. Depository**" means, unless otherwise specified by the Issuer pursuant to any of Section 3.04, 3.06, or 4.01, with respect to Notes issuable or issued as a Global Note within the United States, The Depository Trust Company, or any successor thereto registered as a clearing agency under the Securities Exchange Act, or other applicable statute or regulation.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended from time to time.

"**Warehouse Facility Agreement**" means a Funding Obligation Agreement that provides the Issuer with a revolving facility under which principal amounts can be advanced, repaid and again advanced during a committed revolving period and does not provide any other type of credit facility.

EXHIBIT 1
FORM OF PAYMENT INSTRUCTIONS

See Attached.

EXHIBIT 2
FORM OF REFINANCING NOTICE

See Attached.

[NTD: Notice must specify Series and the amount of the Principal Accumulation Amounts specified in the related Supplemental Indenture that will be repaid with the proceeds of the Refinancing.]

From:	Risa Thau
To:	Graham Young (MOI)
Cc:	Ken Kandeepan; John Psinas; John Kim; Gavin He; Bruno Amara; Asokan Sadasivan (MEDTE/MRI)
Subject:	Memo Authorizing Wire Payment to OPG for Share Subscription
Date:	Monday, December 18, 2017 11:50:29 AM
Attachments:	2017-12-20- Memo Authorizing Funds.pdf
Importance:	High

Hi Graham,

I just looked at the attached document, authorizing the OFA to wire the payment to OPG for the Share Subscription. It is missing the date. Can you please add this and have the document signed again. As well, for future instructions please add the following email addresses:

Settlement@ofina.on.ca

CashP@ofina.on.ca

Thanks,

Risa Thau
Manager, Settlements, Payments & Fiscal Agency
Finance and Treasury Division
Ontario Financing Authority

Telephone number: 416-325-6879
Fax number: 416-204-7945
Email address: risa.thau@ofina.on.ca

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 326-5572

Ministère de l'Énergie

77, rue Grenville
6e étage
Toronto ON M7A 2C1

Tél: (416) 326-5572

Ontario

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of $518,760,000 to Ontario Power Generation Inc. (OPG) as consideration for the subscription for 12,217,616 Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

From: Kenneth Russell
To: John Kim; Ken Kandeepan
Subject: OFA - MoE Fair Hydro Plan MOU
Date: Tuesday, July 18, 2017 4:06:33 PM
Attachments: OFA - MoE MOU Fair Hydro Plan(v3).docx

John and Ken

Attached is a first draft of the Fair Hydro Plan MOU which is based on the NIER MOU for your review.

One issue which likely needs some work is timing. Share subscriptions unlike invoices may not have a clear payment date.

The Draft MOU has a bracketed proposed requirement for MoE to pay within five business days of receiving the share subscription.

Under the NIER MOU the OFA requires three business days notice prior to making a payment. Those timelines would only give MoE two days to review and execute the subscription.

Are you prepared to include a requirement that the OFA pay the Subscription Amount on specified Subscription Payment Date or do you prefer to leave it open as in this draft?

I look forward to your comments.

Ken

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") create certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the Fair Hydro Trust, a special purpose financing entity established by OPG to implement the FHP

3. The Fair Hydro Trust will acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose ("Appropriated Amount");

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date")

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister;

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. Upon receipt of the executed and approved Share Subscription the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA into the Province's IFIS system under a pre-defined Minister account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Minister to the OFA after the date of

termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
<u>Hand Delivery</u>:

Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From:	Ken Kandeepan
To:	Kenneth Russell
Cc:	John Psinas; John Kim; George Sakura; Risa Thau
Subject:	OFA - MoE MOU Fair Hydro Plan(v3).docx
Date:	Saturday, July 22, 2017 4:52:27 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken

This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.

Thanks
Ken k

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") create certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the Fair Hydro Trust, a special purpose financing entity established by OPG to implement the FHP

3. The Fair Hydro Trust will acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose ("Appropriated Amount") for the fiscal year in which the payment is made;

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date")

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister;

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. Upon receipt of the executed and approved Share Subscription the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minist~~er~~ry of Energy ~~-~~account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

Commented [KK1]: I am just a little concerned by this, if we make a payment and there's insufficient appropriations there is a really significant issue. Hence we need to incorporate some control mechanism that ensures along with the Share subscription delivered to us there's some kind of assurance by MOE that sufficient funds exist within the relevant appropriation to cover the upcoming payment.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and

approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:

Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From:	Gavin He
To:	Salman Qadir
Cc:	John Kim; Bruno Amara
Subject:	OFA-ENERGY Ontario Rebate for Electricity Consumers MOU
Date:	Thursday, April 20, 2017 7:01:54 PM
Attachments:	OREC OFA MOU.pdf

Hi Salman,

Please find attached a scanned copy of the MOU signed by Ron. I saved it under below folder as well:

S:\Users\CEF\Hydro 2017\Electricity Prices\OREC\MOU

Does OFA Legal keep the original?

Thanks,
Gavin He

Memorandum of Understanding
Relating to the
Ontario Rebate for Electricity Consumers

Dated: **January 1, 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy ("**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. Pursuant to the *Ontario Rebate for Electricity Consumers Act, 2016* and the regulations thereunder (the "Act"), certain consumers will be entitled to receive financial assistance (the "Ontario Rebate for Electricity Consumers" or "OREC") in respect of the cost of electricity consumed by them commencing January 1, 2017;

2. Reimbursement for OREC provided to consumers and persons receiving invoices from unit sub-meter providers ("Reimbursement") will flow to specified electricity distributors, retailers and unit sub-metering providers ("Payment Recipients") through the Independent Electricity System Operator ("IESO") in accordance with the Act;

3. Under the Act, the Ministry will be required to pay amounts to the IESO on account of the OREC Reimbursement (the "Payments") out of amounts appropriated by the Legislature for that purpose ("Appropriated Amount");

4. The Ministry considers it advisable for the OFA to make the Payments on behalf of the Ministry and the OFA has agreed to make the Payments on behalf of the Ministry;

5. The Ministry and the OFA have also agreed to work together on OREC cost forecasting;

6. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") pursuant to clause 7 (3)(f) of the *Ministry of Energy Act* and subsection 30 (1) of the *Capital Investment Plan Act, 1993* to confirm their agreement regarding the terms on which the OFA will make the Payments and on which the Ministry and the OFA will work together on OREC cost forecasting.

Therefore:

The Ministry and the OFA agree as follows:

1. Payment Authorization

(i) The Ministry authorizes the OFA to make the Payments on behalf of the Ministry and the OFA agrees to make the Payments on behalf of the Ministry.

(ii) The Ministy shall ensure that the certificate under section 11.4 of the *Financial Administration Act* required for each of the Payments is obtained.

(iii) It is agreed by the Ministry and the OFA that the OFA is acting as agent, on behalf of the Ministry, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Act, and

ii. Making the required Payments on behalf of the Ministry as further described in this MOU.

2. Payment Process

a) The Ministry has an account with the IESO under which the IESO will issue invoices to the Ministry for the Payments. The IESO will provide the Ministry with access to these invoices by giving the Ministry access to a secure IESO portal containing these invoices ("IESO Portal").

b) The Ministry will take all necessary steps to provide the OFA with access to the IESO Portal so that the OFA will have access to each IESO invoice to the Ministry, at the same time the IESO issues the invoice to the Ministry.

c) The OFA will make the Payments on behalf of the Ministry, in the amount of the IESO invoices.

d) The Payments will be made in accordance with the IESO Market Rules and IESO Manuals for settlements and billing of market participants, as amended from time to time.

e) The Payments will be made from the Consolidated Revenue Fund and the amount of each Payment will be entered by the OFA into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Payment in the amount of the IESO invoice.

b) The OFA will keep and maintain all records related to the OREC for a period of seven (7) years, and will provide the Ministry with electronic copies (or paper copies, if requested by the Ministry) of such of those records as the Ministry may request from time to time.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Payments will be performed by the Ministry.

4. OREC Cost Forecasting

a) The Ministry and the OFA will work together to prepare and review cost forecasts, estimates, and analysis related to the OREC.

b) The Ministry will provide to the OFA all IESO invoices and settlement statements relating to the OREC, and any reports by OREC Payment Recipients to the IESO, that are received by the Ministry. This includes providing electronic portal access to data and reports by OREC transfer payment recipients expected to be provided through an electronic portal reporting process.

c) The OFA and the Ministry will collaborate to prepare fiscal year cost estimates and monthly cashflow estimates for OREC.

d) The OFA and the Ministry will ensure senior management in their respective organizations are briefed and updated on the OREC forecasting on a regular basis to ensure there is mutual understanding and agreement on the forecasts.

e) The Ministry and the OFA acknowledge and agree that the actual costs of OREC may not be the same as the forecasted costs, and the OFA bears no liability for any differences between the forecast and actual costs of OREC, nor does the OFA have any responsibility for any application to Treasury Board for the appropriated amount or for a change in the appropriated amount for OREC.

5. Limited Role of the OFA

The OFA will only be responsible for making the Payments in accordance with section 2 and assisting in OREC cost forecasting in accordance with section 4. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the IESO invoices, monitoring the IESO's application of the Payments, monitoring the balance from time to time of the Appropriated Amount, or ensuring the Appropriated Amount is sufficient.

6. Review and Termination

a) The Ministry and the OFA will review this MOU annually.

b) This MOU may be terminated by either party at any time, on 90 days notice.

c) Upon termination of this MOU, the OFA will cease to make any Payments.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

7. No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

8. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact person is:

John Kim
Tel: (416) 212-6996
email: john.kim@ofina.on.ca

c) As of the date of this MOU the Ministry's contact person is:

Robert Burns, Chief Administrative Officer & Assitant Deputy Minister, Corporate Services Division

Tel: 416-327-3682
email: robert.burns@ontario.ca

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 9.

9. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Toronto, ON M7A 1Y7
Attention: John Kim
email: john.kim@ofina.on.ca

c) In the case of the Ministry, the addresses for notice are:
Hand Delivery:
Ministry of Energy, Corproate Services Division

4th Floor, 56 Wellesley St
Toronto, ON M7A 2E7
Attention: Robert Burns, Chief Administrative Officer & Assistant Deputy Minister
email: robert.burns@ontario.ca

10. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

Name: Michael Reid

Title: Assistant Deputy Minister, Strategic, Network and Agency Policy Division, Ministry of Energy

by:_____

Name: Robert Burns

Title: Chief Administrative Officer & Assistant Deputy Minister, Corporate Services Division, Ministry of Energy

Ontario Financing Authority

by:_____

Name: Ronald Kwan

Title: Assistant Deputy Minister
Corporate and Electricity Finance Division
Ontario Financing Authority

From:	Talwar, Shruti (ENERGY)
To:	John Kim
Cc:	Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG)
Subject:	OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Friday, November 10, 2017 11:29:29 AM

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Montgomery, Kaitlin (MOF)
To: John Kim; Ken Kandeepan; Mike Manning
Subject: OFHP - Business Issue next steps
Date: Monday, June 05, 2017 3:55:53 PM
Attachments: Term Sheet_Master Subscription_draft June 5.docx
Financing Trust - Performance Fee Recommendation.doc

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA ~~and~~ OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA~~/Province~~ to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   ~~a.~~
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   ~~[describe annual process]~~ Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process

Formatted: Indent: Left: 2", No bullets or numbering

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

From:	John Kim
To:	Ronald Kwan
Cc:	Deena Padamadan; Bruno Amara; Shajee Kathirgamanathan
Subject:	OPG Business Plan Meeting (2017 05 01 v2)_Markup.pptx
Date:	Wednesday, May 03, 2017 6:10:17 PM
Attachments:	OPG Business Plan Meeting (2017 05 01 v2)_Markup.pptx

---

Hi Ron,

Pls. see attached back pocket for tomorrow's meeting.

John

DRAFT

OPG Fiscal Impacts

Corporate and Electricity Finance Division
2017-05-01

DRAFT

OPG Fiscal Impact

- The table below illustrates OPG's fiscal impacts in the 2017 Budget forecast.

	2016-17	2017-18	2018-19	2019-20	2020-21
OPG Net Income - 2017 Ontario Budget / Fiscal Plan					
OPG 2017-19 Business Plan[1]	349	702	678	726	913[1]
OPG Monthly Shareholder Update (February 2017)	30				
OPG IFRS Consolidation Risk[2]	(75)	(400)	-	(200)	-
OPG Head Office Sales (Reported under Sales and Rentals)[3]		(222)			
GA Refinancing – OPG Trust Interest Revenue		17	54	99	153
OPG Net Income (After Tax, Adjusted)	**304**	**97**	**732**	**625**	**1,066**
ONFA Adjustments[4]	8	-	-	-	-
OPG Income Tax PILs - 2017 Ontario Budget / Fiscal Plan					
OPG 2017-19 Business Plan	96	166	135	170	298[1]
OPG Monthly Shareholder Update (February 2017)	(4)				
OPG Head Office Sales (Reported under Sales and Rentals)[3]		(74)			
OPG Income Tax PILs (Adjusted)	92	92	135	170	298

1 Fiscalized projection from OPG Business Plan

2 IFRS risk is related to Province's reporting of nuclear asset retirement obligations. The Ontario Auditor General recommended (2016 AG Report) that the Province include Hydro One and OPG financial information in the consolidated financial statements using the IFRS reporting framework as required by PSAB standards, versus the companies U.S. GAAP basis of reporting.

3 For public Budget reporting, projected net impacts of Province asset optimization strategy including, OPG Head Office sale, are reported under Sales and Rentals for commercial confidentiality. OPG proceeds estimate updated per 2017 Budget.

4 Provincial consolidation adjustments for unrealized earnings on decommissioning and used fuel segregated funds net of Bruce variance account and change in Due to the Province on the decommissioning and used fuel segregated funds.

Updated OPG Fiscal Impacts

- The table below illustrates updated OPG's net income, income tax PILs and ONFA adjustment figures from the 2017 Budget forecast.

	2016-17	2017-18	2018-19	2019-20	2020-21
Other updates since Budget 2017					
March 2017 Shareholder Update: OPG Net Income	385	-	-	-	-
March 2017 Shareholder Update: Income Tax Expense	94	-	-	-	-
ONFA Adjustments (as at Mar 31, 2017)	49	-	-	-	-

Risks

- **OEB Risks:** OPG's multi-year rate application to the Ontario Energy Board for the period starting January 1, 2017, is currently in process. Potential OEB decisions providing for lower rates, including disallowance of recovery of OPG's operating costs, current or future deferral and variance account balances (including for the proposed nuclear rate smoothing) and unfavourable future treatment of pension costs would adversely affect OPG's results, resulting in negative fiscal impacts.
- **IFRS Risks:** A change in the basis of accounting used for consolidation of OPG results from U.S. GAAP to International Financial Reporting Standards (IFRS) on the Province's financial statements is expected to result in potentially significant fiscal impacts.

	2016-17	2017-18	2018-19	2019-20	2020-21
Net additional OPG IFRS Consolidation Risks	-	(25)	(525)	(475)	N/A

- **Financing Costs:** Higher cost public capital market borrowing (vs the Province's borrowing cost for OEFC to lend to OPG) would have a negative fiscal impact.

Risks – Darlington Refurbishment

- **Darlington Refurbishment Risk:** Darlington Refurbishment is executed consistent with the approved project budget and schedule. Failure to maintain cost and schedule commitments for the project could potentially result in significant write-offs against net income as well as reputational damage. In addition, inability to carry out the refurbishment of the first unit as planned may result in the Province of Ontario (Province) not proceeding with OPG's refurbishment of the remaining units.

- Darlington Refurbishment Update from March 2017 OPG Monthly Update:
  - Vault Preparations commenced on January 11th. Since that time, the project has lost 28 days of critical path and, is two days behind the working schedule. Key contributors to these delays are unanticipated work, vendor performance, and vendor and OPG integration.
  - In order to mitigate the impacts, the Joint Venture and OPG have implemented four Logistic Coordinators, an hour-by-hour schedule of critical path activities, assigned dedicated staff to vault and rubber area activities and OPG's construction oversight organization is taking a move active and intrusive role on execution activities.

Electricity Sector Rules of Thumb

- **OPG Rule of Thumb**: For every $50M change in OPG revenues due to changes in regulated prices, all-in rate impact of about 0.04 ¢/kWh (less than 0.25% of total bill)

OPG Risks	Fiscal Impact
Realised gains in ONFA funds v plan -/+ 1%	-/+ $100 million
Change in Regulated Prices -/+ 1%	-/+ $40 million
Regulated ROE -/+ 1%	-/+ $45 million
Nuclear regulated price -/+ 0.1 ¢/kWh	-/+ $40 million
Hydro regulated price -/+ 0.1 ¢/kWh	-/+ $20 million
Nuclear output -/+ 1 TWh	-/+ $70 million
Hydro output -/+ 1 TWh	-/+ $45 million

From:	Ogunrinde, Deni (ENERGY)
To:	Ken Kandeepan; John Kim; John Psinas; SETTLEMENT; CASHP
Cc:	Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Graham Young (MOI); Jose Yee (MEDTE/MRI); Asokan Sadasivan (MEDTE/MRI); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject:	OPG Equity Injection - Closing April 20, 2018
Date:	Monday, April 16, 2018 2:02:22 PM
Attachments:	2018-04-16 - Signed Share Subscription Form.pdf 2018-04-16 - Signed FAA Certificate.pdf 2018-04-16 - Signed Payment Memo.pdf
Importance:	High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC.** (the "**Corporation**")

The undersigned hereby subscribes for 1,498,856 Class A Shares of the Corporation at the price of $43.74 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: April 20, 2018

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **April 20, 2018** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated November 22, 2017.

The Share Subscription requests payment by the Ministry to OPG in the amount of **$65,560,000** as consideration for the subscription for **1,498,856** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I Carolyn Calwell, Assistant Deputy Minister, as delegated by the Minister of Energy, hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated: 16 April 2018

Carolyn Calwell
Assistant Deputy Minister
Strategic, Network and Agency Policy

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 326-5572

Ministère de l'Énergie

77, rue Grenville
6e étage
Toronto ON M7A 2C1

Tél: (416) 326-5572

Ontario

April 16, 2018

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of **$65,560,000** to Ontario Power Generation Inc. (OPG) on April 20, 2018 as consideration for the subscription for **1,498,856** Class A shares Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

From:	Talwar, Shruti (ENERGY)
To:	Ken Kandeepan; John Kim; John Psinas; SETTLEMENT; CASHP
Cc:	Graham Young (MOI); Ogunrinde, Deni (ENERGY); Sud, Manu (ENERGY); Pratima Gounden (ENERGY); Asokan Sadasivan (MEDTE/MRI); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject:	OPG Equity Injection - closing date March 22
Date:	Friday, March 16, 2018 12:21:28 PM
Attachments:	2018-03-16- Signed Share Subscription Form.pdf 2018-03-16- Memo Authorizing Funds.pdf 2018-03-16- Signed FAA Certificate.pdf

---

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC.** (the "**Corporation**")

The undersigned hereby subscribes for 4,627,343 Class A Shares of the Corporation at the price of $43.74 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: March 22, 2018

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Share Subscription Agreement

Calculation of Equity Injection for
Investment Asset Purchase in March 2018
representing the accumulated balance from December, 2017 - February, 2018 ("Period")

(A)	Purchase Price per Transfer Notice from IESO	460,000,000.00
(B)	Percentage Funded by Equity	44.0%
(C)	Total Equity Required for Period (AxB)	202,400,000.00
(D)	Class A share purchase price[1]	43.74
(E)	Number of Class A shares to be issued (C/D)	4,627,343.0

1. Based on December 31, 2017 financial statements

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 326-5572

Ministère de l'Énergie

77, rue Grenville
6e étage
Toronto ON M7A 2C1

Tél: (416) 326-5572

Ontario

March 16, 2018

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of **$202,400,000** to Ontario Power Generation Inc. (OPG) on March 22, 2018 as consideration for the subscription for **4,627,343** Class A shares Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **March 22, 2018** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated November 22, 2017.

The Share Subscription requests payment by the Ministry to OPG in the amount of **$202,400,000** as consideration for the subscription for **4,627,343** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I Carolyn Calwell, Assistant Deputy Minister, as delegated by the Minister of Energy, hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated: March 16, 2018

Carolyn Calwell
Assistant Deputy Minister
Strategic, Network and Agency Policy

From:	Zheng, Sean (ENERGY)
To:	Shajee Kathirgamanathan; Ken Kandeepan; George Sakura; Asokan Sadasivan (MEDTE/MRI); Kamala Sinnadurai (ENERGY); Gregor Schoenebeck; John Psinas; Bruno Amara; Gavin He; John Kim
Cc:	Tai An (ENERGY); Lim, Ryan (ENERGY); Pratima Gounden (ENERGY); Hunter, Robert A. (ENERGY); Sunita Chander (ENERGY)
Subject:	OREC/OCEB May 2017 IESO Invoice
Date:	Wednesday, June 14, 2017 5:18:59 PM
Attachments:	May 2017 IESO Original Invoice (June 14).docx

Hi,

Please see attached the OREC/OCEB IESO Invoice for the month of May 2017. Kindly also note that the amount of $93,015.05 related to OCEB is included on the May IESO invoice.

If you would like to change the contacts in your organization that receive this email, please respond to this email and the necessary changes will be made for next month.

Thank you,

Sean Zheng
Financial Analyst
416-617-6519
sean.zheng@ontario.ca
Ministry of Economic Development & Growth
Ministry of Energy
Ministry of Infrastructure
Ministry of Research, Innovation & Science

Independent Electricity System Operator
PHYSICAL INVOICE

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON
M5W 4E5
HST: 870513959RT0002

Issue / Re-Issue Date: 14-JUN-2017

MINISTRY OF ENERGY
880 Bay Street
3rd Floor
Toronto, ON M7A 2C1
Canada

Invoice: PI00019408
Invoice Date: 14-JUN-2017
MP ID: 110354
MP GST/HST: N/A

Please send payment by WIRE or EFT to:

Bank Name: **TD Bank**
Bank ID Number: **0004**
Bank Account Number: **0690-0458762**
Bank Acc Type: **Settlement Clearing**
Bank Transit Number: **10202**

For all inquiries contact:
IESO Account Representative
Tel: 905-403-6900
Toll Free: 1-888-448-7777

Comments: The Ontario government is providing eligible consumers with a rebate on their electricity costs equal to the provincial portion of HST.

Charges for settlement statements issued: From 01-MAY-2017 To 31-MAY-2017

Charge Type	Description		Amount
1465	ONTARIO CLEAN ENERGY BENEFIT (-10%) PROGRAM BALANCING AMOUNT		$93,015.05
1467	ONTARIO REBATE FOR ELECTRICITY CONSUMERS (8% PROVINCIAL REBATE) BALANCING AMOUNT		$72,432,710.89
Invoice Total:		$CAD	72,525,725.94

Payment Due Date 16-JUN-2017

This invoice also constitutes a debit/credit note for GST/HST purposes

From:	Young, Graham (ENERGY)
To:	Ken Kandeepan; John Kim; John Psinas
Cc:	Gavin He; Bruno Amara; Shajee Kathirgamanathan; Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Pratima Gounden (ENERGY); Asokan Sadasivan (MEDTE/MRI); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Yordi, Samer (ENERGY)
Subject:	Process and documents for first asset purchase
Date:	Monday, December 18, 2017 11:39:06 AM
Attachments:	2017-12-20- Memo Authorizing Funds.pdf 2017-12-20- Signed FAA Certificate.pdf 2017-12-20- Signed Share Subscription Form.pdf

---

Hello,

Attached are the signed:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG on Dec 20. Please let me know if there are any issues.

Thank you
Graham

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December-15-17 5:38 PM
To: Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; He, Gavin (OFA); Bruno Amara; Yep, Carlos (OFA)
Cc: WONG Evelyn -OFFCORPSEC; Kathirgamanathan,Shajee (OFA); LEE John -TREASURY; LADAK Lubna -TREASURY
Subject: RE: Process and documents for first asset purchase

Hi,
The Transfer Notice has been signed but has not been dated as it is being held in escrow. On closing the Transfer Notice will be dated effective the closing date and released from escrow.

Attached is the document package for the equity purchase with the signed but undated Transfer Notice. On closing we will provide an updated Transfer Notice with the date completed.

Thanks,
Ken

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 326-5572

Ministère de l'Énergie

77, rue Grenville
6e étage
Toronto ON M7A 2C1

Tél: (416) 326-5572

Ontario

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of $518,760,000 to Ontario Power Generation Inc. (OPG) as consideration for the subscription for 12,217,616 Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **December 20, 2017** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated November 22, 2017.

The Share Subscription requests payment by the Ministry to OPG in the amount of **$518,760,000** as consideration for the subscription for **12,217,616** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I Carolyn Calwell, Assistant Deputy Minister, as delegated by the Minister of Energy, hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated: Dec. 18/17

Carolyn Calwell
Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC.** (the "**Corporation**")

The undersigned hereby subscribes for 12,217,616 Class A Shares of the Corporation at the price of $42.46 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the shares.

Distribution date: December 20, 2017

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Attachment A

Calculation of Equity Injection for

_____

Investment Asset Purchase in December 2017 representing cumulative IESO deferral to date ("Period")

(A) Purchase Price per Transfer Notice attached:	1,179,000,000.00
(B) Percentage Funded by Equity:	44%
(C) Total Equity injection required for Period (A x B):	518,760,000.00
(D) Class A Share Price pursuant to OPG Financial Statements as of September 30, 2017:	42.46
(E) Number of Class A Shares to be issued to Province (C ÷ D):	12,217,616

From: John Kim
To: Ronald Kwan
Subject: RE: 2017 09 11 OFHP Outstanding Business Issues v02 (002).pptx
Date: Friday, September 15, 2017 3:51:41 PM
Attachments: 2017 09 11 OFHP Outstanding Business Issues v02 Markup2.pptx

---

Hi Ron,

I have the following as CMD is saying the whole of slide 5, they cannot speak to. And Ken made the point that it's not OPG acquiring the asset on slide 4.

John

From: Ronald Kwan
Sent: Friday, September 15, 2017 3:26 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: 2017 09 11 OFHP Outstanding Business Issues v02 (002).pptx

Hi John,

Some suggestions, as attached. I'd keep in an OEFC PILs point, as rewritten.

Ron

From: John Kim
Sent: September-15-17 14:10
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: 2017 09 11 OFHP Outstanding Business Issues v02 (002).pptx

Hi Ron,

I've made my edits to this request from IGB….they'd like it for eod at Energy MO's request. Maybe a bit heavy handed on my edits for the equity injection slide.

I've asked FTD and CMD for comments and Ken has already commented.

Thanks,

John

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The Financing Entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity

The above are in addition to a "Change of Law Protection Agreement" under which the Province would provide a guarantee to support the financing entities' debt under certain limited events such as a change in law or adverse court decision that would materially adversely affect the financing entities' ability to service debt.

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as financial services manager, will be a Trust
- The Trust would be subject to tax under the Income Tax Act (Canada) (ITA) and the Ontario Taxation Act, 2007 (TA)
- The beneficiary of the Trust will be a corporation that will be directly or indirectly wholly-owned by OPG
  - The corporation, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation ~~the stranded debt~~ of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the ministry ~~Province~~ plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* that would exempt the financing entity trust ~~corporation~~ from paying PILs
- The ministry ~~Province~~ will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financing Entity

Next Steps:

- Draft letter from the Minister of Finance to OPG in development that will provide comfort that the financing entity will be exempt from PILs
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- ~~OPG will require equity injections on an ongoing basis in order to~~ Acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval through the PRRT process for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the ~~Province~~ Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds following receipt of a certificate from the Ministry of Energy, as required under s.11.4 of the Financial Administration Act

Next Steps:

- OPG is seeking its Board approval on September 29th for …
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt
- Interest rates on the subordinated debt will be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying ~~Government of~~ Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate.

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September

From:	John Kim
To:	Ken Kandeepan; Carlos Yep; Mike Manning; James Devine
Subject:	RE: 2017 09 11 OFHP Outstanding Business Issues v02.pptx
Date:	Friday, September 15, 2017 3:35:14 PM
Attachments:	2017 09 11 OFHP Outstanding Business Issues v02 Markup.pptx

Updated it a bit more….if no other comments, I will send back near eod.

John

From: Ken Kandeepan
Sent: Friday, September 15, 2017 1:49 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: 2017 09 11 OFHP Outstanding Business Issues v02.pptx

Hi

I have few minor edits/comments. You may want to take a quick look slide #5 re the methodology for establishing the interest rates on the sub debt. Since John is coordinating you can provide comments to him.

Thanks

Ken K

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The Financing Entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity

The above are in addition to a "Change of Law Protection Agreement" under which the Province would provide a guarantee to support the financing entities' debt under certain limited events such as a change in law or adverse court decision that would materially adversely affect the financing entities' ability to service debt.

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as financial services manager, will be a Trust
- The Trust would be subject to tax under the Income Tax Act (Canada) (ITA) and the Ontario Taxation Act, 2007 (TA)
- The beneficiary of the Trust will be a corporation that will be directly or indirectly wholly-owned by OPG
  - The corporation, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation ~~the stranded debt~~ of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the ministry ~~Province~~ plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* that would exempt the financing entity trust ~~corporation~~ from paying PILs
- The ministry ~~Province~~ will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financing Entity

Next Steps:

- Draft letter from the Minister of Finance to OPG in development that will provide comfort that the financing entity will be exempt from PILs
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval through the PRRT process for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the ~~Province~~ Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds following receipt of a certificate from the Ministry of Energy, as required under s.11.4 of the Financial Administration Act

Next Steps:

- OPG is seeking its Board approval on September 29th for …
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt
- Interest rates on the subordinated debt will be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying ~~Government of~~ Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate.

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September

From:	John Kim
To:	Ronald Kwan
Subject:	RE: 2017 09 11 OFHP Outstanding Business Issues v02 (002).pptx
Date:	Friday, September 15, 2017 4:27:05 PM
Attachments:	2017 09 11 OFHP Outstanding Business Issues v02 Markup3.pptx

Pls. refer to this version.

From: John Kim
Sent: Friday, September 15, 2017 3:52 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: 2017 09 11 OFHP Outstanding Business Issues v02 (002).pptx

Hi Ron,

I have the following as CMD is saying the whole of slide 5, they cannot speak to. And Ken made the point that it's not OPG acquiring the asset on slide 4.

John

From: Ronald Kwan
Sent: Friday, September 15, 2017 3:26 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: 2017 09 11 OFHP Outstanding Business Issues v02 (002).pptx

Hi John,

Some suggestions, as attached. I'd keep in an OEFC PILs point, as rewritten.

Ron

From: John Kim
Sent: September-15-17 14:10
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: 2017 09 11 OFHP Outstanding Business Issues v02 (002).pptx

Hi Ron,

I've made my edits to this request from IGB….they'd like it for eod at Energy MO's request. Maybe a bit heavy handed on my edits for the equity injection slide.

I've asked FTD and CMD for comments and Ken has already commented.

Thanks,

John

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The Financing Entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity

The above are in addition to a "Change of Law Protection Agreement" under which the Province would provide a guarantee to support the financing entities' debt under certain limited events such as a change in law or adverse court decision that would materially adversely affect the financing entities' ability to service debt.

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as financial services manager, will be a Trust
- The Trust would be subject to tax under the Income Tax Act (Canada) (ITA) and the Ontario Taxation Act, 2007 (TA)
- The beneficiary of the Trust will be a corporation that will be directly or indirectly wholly-owned by OPG
  - The corporation, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation ~~the stranded debt~~ of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the ministry ~~Province~~ plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* that would exempt the financing entity trust ~~corporation~~ from paying PILs
- The ministry ~~Province~~ will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financing Entity

Next Steps:

- Draft letter from the Minister of Finance to OPG in development that will provide comfort that the financing entity will be exempt from PILs
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- ~~OPG will require equity injections on an ongoing basis in order~~ Financing Entity to acquire the regulatory asset from IESO and keep its capital structure in line, and OPG will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval through the PRRT process for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the ~~Province~~ Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds following receipt of a certificate from the Ministry of Energy, as required under s.11.4 of the Financial Administration Act

Next Steps:

- OPG is seeking its Board approval on September 29th for …
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt
- Interest rates on the subordinated debt will be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying ~~Government of~~ Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate.

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September

From: John Kim
To: Gavin He
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx
Date: Tuesday, October 03, 2017 11:50:52 AM

I think 5% is right from the beginning….but let me know if you agree. Even the earliest of the files we have had it at 5%.

S:\Users\CEF\Hydro 2017\Electricity Prices\Mitigation Proposals\Debt Financing the GA\Implementation\OFHP_GA - Performance Fee

John

From: John Kim
Sent: Tuesday, October 03, 2017 11:47 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: 2017 09 29 OFHP Business Issues v01.pptx

Hi Gavin,

Do you remember the variable fee aspect in the early discussion….was it 5% from the beginning?

Thanks,

John

From: Carlos Yep
Sent: Tuesday, October 03, 2017 10:50 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

John
I have made some edits to the Base Fee and Variable Fee on slide#7. It now reads as follows:

- **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
- **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments

Regards
Carlos

From: Ronald Kwan
Sent: Monday, October 02, 2017 1:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

And some comments / suggested edits from me. John may have additional ones.

Ron

From: Ken Kandeepan
Sent: October-01-17 1:04 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: 2017 09 29 OFHP Business Issues v01.pptx

Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

From: John Kim
To: Carlos Yep
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx
Date: Tuesday, October 03, 2017 9:14:07 AM

Okay, I will take a look at that. No updates on slide 11?

From: Carlos Yep
Sent: Tuesday, October 03, 2017 9:06 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

Hi John,
I believe Ken was going to make an edit to page7 – Variable fee
…… not more than plus/minus 1% of the net annual funding obligation"

Carlos

From: John Kim
Sent: Tuesday, October 03, 2017 8:55 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

Hi Carlos,

Any updates?

John

From: Ronald Kwan
Sent: Monday, October 02, 2017 1:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

And some comments / suggested edits from me. John may have additional ones.

Ron

From: Ken Kandeepan
Sent: October-01-17 1:04 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John

Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: 2017 09 29 OFHP Business Issues v01.pptx

Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

From: John Kim
To: Carlos Yep
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx
Date: Tuesday, October 03, 2017 8:55:25 AM

Hi Carlos,

Any updates?

John

From: Ronald Kwan
Sent: Monday, October 02, 2017 1:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

And some comments / suggested edits from me. John may have additional ones.

Ron

From: Ken Kandeepan
Sent: October-01-17 1:04 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: 2017 09 29 OFHP Business Issues v01.pptx

Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

From:	John Kim
To:	Carlos Yep; Ronald Kwan; Ken Kandeepan
Cc:	Mike Manning; James Devine; John Psinas
Subject:	RE: 2017 09 29 OFHP Business Issues v01.pptx
Date:	Tuesday, October 03, 2017 12:59:39 PM

Hi Carlos,

You're still OK with [TBD]'s on slide 10?

John

From: Carlos Yep
Sent: Tuesday, October 03, 2017 10:50 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

John
I have made some edits to the Base Fee and Variable Fee on slide#7. It now reads as follows:

- **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
- **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments

Regards
Carlos

From: Ronald Kwan
Sent: Monday, October 02, 2017 1:18 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: RE: 2017 09 29 OFHP Business Issues v01.pptx

And some comments / suggested edits from me. John may have additional ones.

Ron

From: Ken Kandeepan
Sent: October-01-17 1:04 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: 2017 09 29 OFHP Business Issues v01.pptx

Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Subject:	RE: A couple of things
Date:	Wednesday, July 26, 2017 1:08:36 PM

I'll check in with ENE legal – they were going to take a crack at updating the MSA to reflect our latest discussion.

Support agreement – is that the provincial guarantee?

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 26, 2017 1:06 PM
To: Montgomery, Kaitlin (MOF)
Subject: A couple of things

Hi Kaitlin,

Where are things for the Energy and OPG equity injection MSA?

I think I'm almost there in terms of sending something back on the SLA between Energy and OFA.

Also, do you know where Support Agreement is?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Subject:	RE: A couple of things
Date:	Wednesday, July 26, 2017 1:51:58 PM

Hey – looks like ENE legal is waiting to see the SLA so they can make sure the MSA and SLA work together.

I'll check with scott on the guarantee – I havent heard anything lately

---

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 26, 2017 1:11 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: A couple of things

Yeah…..I've been busy with a few other things so have been out of the loop on the guarantee.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 26, 2017 1:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: A couple of things

I'll check in with ENE legal – they were going to take a crack at updating the MSA to reflect our latest discussion.

Support agreement – is that the provincial guarantee?

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 26, 2017 1:06 PM
To: Montgomery, Kaitlin (MOF)
Subject: A couple of things

Hi Kaitlin,

Where are things for the Energy and OPG equity injection MSA?

I think I'm almost there in terms of sending something back on the SLA between Energy and OFA.

Also, do you know where Support Agreement is?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Ken Kandeepan
To:	John Kim
Cc:	Bruno Amara; Risa Thau; John Psinas; George Sakura
Subject:	RE: BN - Ontario Faiy Hydro Plan Program Payments
Date:	Monday, August 14, 2017 1:03:18 PM

I believe that Risa and John will be appropriate contacts, I am also cc'ing George but he is on vacation till the 21st.

Thanks

Ken k

From: John Kim
Sent: Monday, August 14, 2017 12:47 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

In case Energy staff want to escalate or seek further information, who would be a good person in FTD? Given the level of staff that are involved, I am reluctant to provide you as the contact.

Thanks,

John

From: Shajee Kathirgamanathan
Sent: Monday, August 14, 2017 10:08 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Thank you for the clarification.

We'll let Energy know.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359

shajee.kathirgamanathan@ofina.on.ca

From: Ken Kandeepan
Sent: Sunday, August 13, 2017 11:55 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

I am sorry Shajee, but this information is not accurate, IFIS does not require 30 days to process a transaction, rather the turnaround time is set at a minimum 3 days and that too because of the Cash Management directive. Technically IFIS is capable of processing and making an EFT payment within 24 hours, as such I am very unsympathetic to Energy attempting to move this rather simple transaction to the OFA instead of doing it themselves.

Thanks

Ken k

From: Shajee Kathirgamanathan
Sent: Friday, August 11, 2017 11:23 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Thank you Ken.

We went back to Energy, and they advise payments from the IESO require a two day turn around window which cannot be facilitated by IFIS. According to Energy, IFIS would take 30 days to process payments. Delayed payments to the IESO would result in interest penalties (currently 4.95% annually, approximately $2,000 daily for a $15M payment according to Energy).

Also to note, the monthly statements for the additional parts of the Fair Hydro Plan would show up on the existing invoice the IESO issues for the OREC program, requiring only a single payment from the OFA to the IESO.

Would this change the decision on Energy's request?

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 10:21 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Shajee

If I remember correctly from the note that was attached to your previous email on the issue, the monthly payment was $15M. This amount is well within the single transaction limit for IFIS of $99M and I therefore see absolutely no reason why Energy cannot use IFIS to make these payments. The OFA should be used as a substitute for the standard payment mechanisms used by all ministries when those mechanisms are perfectly capable of making the payment in question.

Pls let Energy know that they should process these payments through IFIS.

Thanks

Ken k

From: Shajee Kathirgamanathan
Sent: Thursday, August 10, 2017 9:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Just a friendly follow up on this request from the Ministry of Energy.

They are requesting the OFA facilitate payments to the IESO for additional parts of the Fair Hydro Plan.

Would we have a decision on their request?

They informed me the next invoice from the IESO is expected on the August 15th with expected payment 2 days later.

Happy to chat further or follow up with one of your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Shajee Kathirgamanathan
Sent: Tuesday, August 08, 2017 11:40 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Hope you had a great long weekend.

I understand you may have spoken with John about this before - in his absence this week he had asked me to follow up with you or your staff.

To facilitate parts of the Fair Hydro Plan, the Ministry of Energy is requesting the OFA make payments to the IESO on their behalf on the same monthly invoice as the existing OREC program.

The Ministry of Energy had provided the attached business case/rationale outlining their need for this. Not sure if this would be a sufficient explanation to commence these payments. I can reach out to Energy to communicate/ask for anything further.

Happy to chat further or discuss with you or your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 9:02 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Fwd: BN - Ontario Faiy Hydro Plan Program Payments

FYI.

Begin forwarded message:

> **From:** "Chander, Sunita (ENERGY)" <Sunita.Chander@ontario.ca>
> **Date:** August 3, 2017 at 5:57:39 PM EDT
> **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Subject: Fw: BN - Ontario Faiy Hydro Plan Program Payments**
>
> Hi John, looks like there are some staff level discussions happening on this. As you can appreciate, the Fair Hydro Plan programs are significant and we need to ensure that rebates are provided in a timely manner.
>
> Please let me know what the next steps are. We shared an MOU at the staff level a few weeks back on this
>
> Thanks,
>
> Sent from my BlackBerry
> From: Hunter, Robert A. (ENERGY) <Robert.A.Hunter@ontario.ca>
> Sent: Thursday, August 3, 2017 5:53 PM
> To: Kathirgamanathan,Shajee (OFA); He, Gavin (OFA)
> Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY)
> Subject: BN - Ontario Faiy Hydro Plan Program Payments
>
> Hi Shajee,
>
> Please see attached the requested briefing note outlining the rationale for why the Ministry of Energy is requesting the OFA to facilitate payments for programs under the Fair Hydro Plan.
>
> Thank you,
>
> Robert Hunter
> Policy Analyst
>
> Ministry of Energy: Distribution and Agency Policy Branch
> 77 Grenville Street, 6th Floor
> Toronto, ON M7A 2C1
> Phone: (416) 325-6899
> Email: robert.a.hunter@ontario.ca<mailto:robert.a.hunter@ontario.ca>

From: Shajee Kathirgamanathan
To: Ken Kandeepan
Cc: Bruno Amara; John Kim; Ronald Kwan; Anna Strathy
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments
Date: Monday, August 14, 2017 10:07:55 AM

Hi Ken,

Thank you for the clarification.

We'll let Energy know.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Ken Kandeepan
Sent: Sunday, August 13, 2017 11:55 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

I am sorry Shajee, but this information is not accurate, IFIS does not require 30 days to process a transaction, rather the turnaround time is set at a minimum 3 days and that too because of the Cash Management directive. Technically IFIS is capable of processing and making an EFT payment within 24 hours, as such I am very unsympathetic to Energy attempting to move this rather simple transaction to the OFA instead of doing it themselves.

Thanks

Ken k

From: Shajee Kathirgamanathan
Sent: Friday, August 11, 2017 11:23 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Thank you Ken.

We went back to Energy, and they advise payments from the IESO require a two day turn around window which cannot be facilitated by IFIS. According to Energy, IFIS would take 30 days to process payments. Delayed payments to the IESO would result in interest penalties (currently 4.95% annually, approximately $2,000 daily for a $15M payment according to Energy).

Also to note, the monthly statements for the additional parts of the Fair Hydro Plan would show up on the existing invoice the IESO issues for the OREC program, requiring only a single payment from the OFA to the IESO.

Would this change the decision on Energy's request?

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 10:21 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Shajee

If I remember correctly from the note that was attached to your previous email on the issue, the monthly payment was $15M. This amount is well within the single transaction limit for IFIS of $99M and I therefore see absolutely no reason why Energy cannot use IFIS to make these payments. The OFA should be used as a substitute for the standard payment mechanisms used by all ministries when those mechanisms are perfectly capable of making the payment in question.

Pls let Energy know that they should process these payments through IFIS.

Thanks

Ken k

From: Shajee Kathirgamanathan
Sent: Thursday, August 10, 2017 9:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Just a friendly follow up on this request from the Ministry of Energy.

They are requesting the OFA facilitate payments to the IESO for additional parts of the Fair Hydro Plan.

Would we have a decision on their request?

They informed me the next invoice from the IESO is expected on the August 15th with expected payment 2 days later.

Happy to chat further or follow up with one of your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Shajee Kathirgamanathan
Sent: Tuesday, August 08, 2017 11:40 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Hope you had a great long weekend.

I understand you may have spoken with John about this before - in his absence this week he had asked me to follow up with you or your staff.

To facilitate parts of the Fair Hydro Plan, the Ministry of Energy is requesting the OFA make payments to the IESO on their behalf on the same monthly invoice as the existing OREC program.

The Ministry of Energy had provided the attached business case/rationale outlining their need for this. Not sure if this would be a sufficient explanation to commence these payments. I can reach out to Energy to communicate/ask for anything further.

Happy to chat further or discuss with you or your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 9:02 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Fwd: BN - Ontario Faiy Hydro Plan Program Payments

FYI.

Begin forwarded message:

> **From:** "Chander, Sunita (ENERGY)" <Sunita.Chander@ontario.ca>
> **Date:** August 3, 2017 at 5:57:39 PM EDT
> **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Subject: Fw: BN - Ontario Faiy Hydro Plan Program Payments**
>
> Hi John, looks like there are some staff level discussions happening on this. As you can appreciate, the Fair Hydro Plan programs are significant and we need to ensure that rebates are provided in a timely manner.
>
> Please let me know what the next steps are. We shared an MOU at the staff level a few weeks back on this
>
> Thanks,
>
> Sent from my BlackBerry
> From: Hunter, Robert A. (ENERGY) <Robert.A.Hunter@ontario.ca>
> Sent: Thursday, August 3, 2017 5:53 PM
> To: Kathirgamanathan,Shajee (OFA); He, Gavin (OFA)
> Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY)
> Subject: BN - Ontario Faiy Hydro Plan Program Payments

Hi Shajee,

Please see attached the requested briefing note outlining the rationale for why the Ministry of Energy is requesting the OFA to facilitate payments for programs under the Fair Hydro Plan.

Thank you,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca<mailto:robert.a.hunter@ontario.ca>

From:	Ken Kandeepan
To:	Shajee Kathirgamanathan
Cc:	Bruno Amara; John Kim; Ronald Kwan; Anna Strathy
Subject:	RE: BN - Ontario Faiy Hydro Plan Program Payments
Date:	Sunday, August 13, 2017 11:55:19 AM

I am sorry Shajee, but this information is not accurate, IFIS does not require 30 days to process a transaction, rather the turnaround time is set at a minimum 3 days and that too because of the Cash Management directive. Technically IFIS is capable of processing and making an EFT payment within 24 hours, as such I am very unsympathetic to Energy attempting to move this rather simple transaction to the OFA instead of doing it themselves.

Thanks

Ken k

From: Shajee Kathirgamanathan
Sent: Friday, August 11, 2017 11:23 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Thank you Ken.

We went back to Energy, and they advise payments from the IESO require a two day turn around window which cannot be facilitated by IFIS. According to Energy, IFIS would take 30 days to process payments. Delayed payments to the IESO would result in interest penalties (currently 4.95% annually, approximately $2,000 daily for a $15M payment according to Energy).

Also to note, the monthly statements for the additional parts of the Fair Hydro Plan would show up on the existing invoice the IESO issues for the OREC program, requiring only a single payment from the OFA to the IESO.

Would this change the decision on Energy's request?

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 10:21 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Shajee

If I remember correctly from the note that was attached to your previous email on the issue, the monthly payment was $15M. This amount is well within the single transaction limit for IFIS of $99M and I therefore see absolutely no reason why Energy cannot use IFIS to make these payments. The OFA should be used as a substitute for the standard payment mechanisms used by all ministries when those mechanisms are perfectly capable of making the payment in question.

Pls let Energy know that they should process these payments through IFIS.

Thanks

Ken k

From: Shajee Kathirgamanathan
Sent: Thursday, August 10, 2017 9:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Just a friendly follow up on this request from the Ministry of Energy.

They are requesting the OFA facilitate payments to the IESO for additional parts of the Fair Hydro Plan.

Would we have a decision on their request?

They informed me the next invoice from the IESO is expected on the August 15th with expected payment 2 days later.

Happy to chat further or follow up with one of your staff.

Thanks,

Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Shajee Kathirgamanathan
Sent: Tuesday, August 08, 2017 11:40 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Hope you had a great long weekend.

I understand you may have spoken with John about this before - in his absence this week he had asked me to follow up with you or your staff.

To facilitate parts of the Fair Hydro Plan, the Ministry of Energy is requesting the OFA make payments to the IESO on their behalf on the same monthly invoice as the existing OREC program.

The Ministry of Energy had provided the attached business case/rationale outlining their need for this. Not sure if this would be a sufficient explanation to commence these payments. I can reach out to Energy to communicate/ask for anything further.

Happy to chat further or discuss with you or your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 9:02 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Fwd: BN - Ontario Faiy Hydro Plan Program Payments

FYI.

Begin forwarded message:

> **From:** "Chander, Sunita (ENERGY)" <Sunita.Chander@ontario.ca>
> **Date:** August 3, 2017 at 5:57:39 PM EDT
> **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Subject: Fw: BN - Ontario Faiy Hydro Plan Program Payments**
>
> Hi John, looks like there are some staff level discussions happening on this. As you can appreciate, the Fair Hydro Plan programs are significant and we need to ensure that rebates are provided in a timely manner.
>
> Please let me know what the next steps are. We shared an MOU at the staff level a few weeks back on this
>
> Thanks,
>
> Sent from my BlackBerry
> From: Hunter, Robert A. (ENERGY) <Robert.A.Hunter@ontario.ca>
> Sent: Thursday, August 3, 2017 5:53 PM
> To: Kathirgamanathan,Shajee (OFA); He, Gavin (OFA)
> Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY)
> Subject: BN - Ontario Faiy Hydro Plan Program Payments
>
> Hi Shajee,
>
> Please see attached the requested briefing note outlining the rationale for why the Ministry of Energy is requesting the OFA to facilitate payments for programs under the Fair Hydro Plan.
>
> Thank you,
>
> Robert Hunter
> Policy Analyst
>
> Ministry of Energy: Distribution and Agency Policy Branch
> 77 Grenville Street, 6th Floor
> Toronto, ON M7A 2C1
> Phone: (416) 325-6899
> Email: robert.a.hunter@ontario.ca<mailto:robert.a.hunter@ontario.ca>

From:	Ken Kandeepan
To:	Shajee Kathirgamanathan
Cc:	Bruno Amara; John Kim; Ronald Kwan; Anna Strathy
Subject:	RE: BN - Ontario Faiy Hydro Plan Program Payments
Date:	Thursday, August 10, 2017 10:20:42 AM

Hi Shajee

If I remember correctly from the note that was attached to your previous email on the issue, the monthly payment was $15M. This amount is well within the single transaction limit for IFIS of $99M and I therefore see absolutely no reason why Energy cannot use IFIS to make these payments. The OFA should be used as a substitute for the standard payment mechanisms used by all ministries when those mechanisms are perfectly capable of making the payment in question.

Pls let Energy know that they should process these payments through IFIS.

Thanks

Ken k

From: Shajee Kathirgamanathan
Sent: Thursday, August 10, 2017 9:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Just a friendly follow up on this request from the Ministry of Energy.

They are requesting the OFA facilitate payments to the IESO for additional parts of the Fair Hydro Plan.

Would we have a decision on their request?

They informed me the next invoice from the IESO is expected on the August 15th with expected payment 2 days later.

Happy to chat further or follow up with one of your staff.

Thanks,
Shajee

Shajee Kathirgamanathan

Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Shajee Kathirgamanathan
Sent: Tuesday, August 08, 2017 11:40 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Hope you had a great long weekend.

I understand you may have spoken with John about this before - in his absence this week he had asked me to follow up with you or your staff.

To facilitate parts of the Fair Hydro Plan, the Ministry of Energy is requesting the OFA make payments to the IESO on their behalf on the same monthly invoice as the existing OREC program.

The Ministry of Energy had provided the attached business case/rationale outlining their need for this. Not sure if this would be a sufficient explanation to commence these payments. I can reach out to Energy to communicate/ask for anything further.

Happy to chat further or discuss with you or your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 9:02 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Fwd: BN - Ontario Faiy Hydro Plan Program Payments

FYI.

Begin forwarded message:

From: "Chander, Sunita (ENERGY)" <Sunita.Chander@ontario.ca>
Date: August 3, 2017 at 5:57:39 PM EDT
To: "Kim, John (OFA)" <John.Kim@ofina.on.ca>
Subject: Fw: BN - Ontario Faiy Hydro Plan Program Payments

Hi John, looks like there are some staff level discussions happening on this. As you can appreciate, the Fair Hydro Plan programs are significant and we need to ensure that rebates are provided in a timely manner.

Please let me know what the next steps are. We shared an MOU at the staff level a few weeks back on this

Thanks,

Sent from my BlackBerry
From: Hunter, Robert A. (ENERGY) <Robert.A.Hunter@ontario.ca>
Sent: Thursday, August 3, 2017 5:53 PM
To: Kathirgamanathan,Shajee (OFA); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY)
Subject: BN - Ontario Faiy Hydro Plan Program Payments

Hi Shajee,

Please see attached the requested briefing note outlining the rationale for why the Ministry of Energy is requesting the OFA to facilitate payments for programs under the Fair Hydro Plan.

Thank you,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca<mailto:robert.a.hunter@ontario.ca>

From:	Shajee Kathirgamanathan
To:	Ken Kandeepan
Cc:	Bruno Amara; John Kim
Subject:	RE: BN - Ontario Faiy Hydro Plan Program Payments
Date:	Thursday, August 10, 2017 9:55:46 AM

Hi Ken,

Just a friendly follow up on this request from the Ministry of Energy.

They are requesting the OFA facilitate payments to the IESO for additional parts of the Fair Hydro Plan.

Would we have a decision on their request?

They informed me the next invoice from the IESO is expected on the August 15th with expected payment 2 days later.

Happy to chat further or follow up with one of your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Shajee Kathirgamanathan
Sent: Tuesday, August 08, 2017 11:40 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Hope you had a great long weekend.

I understand you may have spoken with John about this before - in his absence this week he had asked me to follow up with you or your staff.

To facilitate parts of the Fair Hydro Plan, the Ministry of Energy is requesting the OFA make payments to the IESO on their behalf on the same monthly invoice as the existing OREC program.

The Ministry of Energy had provided the attached business case/rationale outlining their need for

this. Not sure if this would be a sufficient explanation to commence these payments. I can reach out to Energy to communicate/ask for anything further.

Happy to chat further or discuss with you or your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 9:02 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Fwd: BN - Ontario Faiy Hydro Plan Program Payments

FYI.

Begin forwarded message:

> **From:** "Chander, Sunita (ENERGY)" <Sunita.Chander@ontario.ca>
> **Date:** August 3, 2017 at 5:57:39 PM EDT
> **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Subject: Fw: BN - Ontario Faiy Hydro Plan Program Payments**
>
> Hi John, looks like there are some staff level discussions happening on this. As you can appreciate, the Fair Hydro Plan programs are significant and we need to ensure that rebates are provided in a timely manner.
>
> Please let me know what the next steps are. We shared an MOU at the staff level a few weeks back on this
>
> Thanks,
>
> Sent from my BlackBerry
> From: Hunter, Robert A. (ENERGY) <Robert.A.Hunter@ontario.ca>
> Sent: Thursday, August 3, 2017 5:53 PM
> To: Kathirgamanathan,Shajee (OFA); He, Gavin (OFA)
> Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY)
> Subject: BN - Ontario Faiy Hydro Plan Program Payments
>
> Hi Shajee,

Please see attached the requested briefing note outlining the rationale for why the Ministry of Energy is requesting the OFA to facilitate payments for programs under the Fair Hydro Plan.

Thank you,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca<mailto:robert.a.hunter@ontario.ca>

From: Risa Thau
To: John Kim
Cc: Bruno Amara; John Psinas; George Sakura
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments
Date: Monday, August 14, 2017 1:30:54 PM

Hi John,

I see through the email trail that Energy is expecting an invoice from IESO on August 15th. I want to ensure that they will make the payment through IFIS and are not expecting the OFA to make the payment on their behalf. Can you please confirm that this is accurate?

Thanks,

Risa Thau
Email Address: risa.thau@ofina.on.ca
Telephone number: 416-325-6879

From: Ken Kandeepan
Sent: Monday, August 14, 2017 1:03 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

I believe that Risa and John will be appropriate contacts, I am also cc'ing George but he is on vacation till the 21st.

Thanks

Ken k

From: John Kim
Sent: Monday, August 14, 2017 12:47 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

In case Energy staff want to escalate or seek further information, who would be a good person in FTD? Given the level of staff that are involved, I am reluctant to provide you as the contact.

Thanks,

John

From: Shajee Kathirgamanathan
Sent: Monday, August 14, 2017 10:08 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Thank you for the clarification.

We'll let Energy know.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Ken Kandeepan
Sent: Sunday, August 13, 2017 11:55 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

I am sorry Shajee, but this information is not accurate, IFIS does not require 30 days to process a transaction, rather the turnaround time is set at a minimum 3 days and that too because of the Cash Management directive. Technically IFIS is capable of processing and making an EFT payment within 24 hours, as such I am very unsympathetic to Energy attempting to move this rather simple transaction to the OFA instead of doing it themselves.

Thanks

Ken k

From: Shajee Kathirgamanathan
Sent: Friday, August 11, 2017 11:23 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Thank you Ken.

We went back to Energy, and they advise payments from the IESO require a two day turn around window which cannot be facilitated by IFIS. According to Energy, IFIS would take 30 days to process payments. Delayed payments to the IESO would result in interest penalties (currently 4.95% annually, approximately $2,000 daily for a $15M payment according to Energy).

Also to note, the monthly statements for the additional parts of the Fair Hydro Plan would show up on the existing invoice the IESO issues for the OREC program, requiring only a single payment from the OFA to the IESO.

Would this change the decision on Energy's request?

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Ken Kandeepan
Sent: Thursday, August 10, 2017 10:21 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Shajee

If I remember correctly from the note that was attached to your previous email on the issue, the monthly payment was $15M. This amount is well within the single transaction limit for IFIS of $99M and I therefore see absolutely no reason why Energy cannot use IFIS to make these payments. The OFA should be used as a substitute for the standard payment mechanisms used by all ministries when those mechanisms are perfectly capable of making the payment in question.

Pls let Energy know that they should process these payments through IFIS.

Thanks

Ken k

From: Shajee Kathirgamanathan
Sent: Thursday, August 10, 2017 9:56 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Just a friendly follow up on this request from the Ministry of Energy.

They are requesting the OFA facilitate payments to the IESO for additional parts of the Fair Hydro Plan.

Would we have a decision on their request?

They informed me the next invoice from the IESO is expected on the August 15th with expected payment 2 days later.

Happy to chat further or follow up with one of your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Shajee Kathirgamanathan
Sent: Tuesday, August 08, 2017 11:40 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: BN - Ontario Faiy Hydro Plan Program Payments

Hi Ken,

Hope you had a great long weekend.

I understand you may have spoken with John about this before - in his absence this week he had asked me to follow up with you or your staff.

To facilitate parts of the Fair Hydro Plan, the Ministry of Energy is requesting the OFA make payments to the IESO on their behalf on the same monthly invoice as the existing OREC program.

The Ministry of Energy had provided the attached business case/rationale outlining their need for this. Not sure if this would be a sufficient explanation to commence these payments. I can reach out to Energy to communicate/ask for anything further.

Happy to chat further or discuss with you or your staff.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 9:02 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Fwd: BN - Ontario Faiy Hydro Plan Program Payments

FYI.

Begin forwarded message:

> **From:** "Chander, Sunita (ENERGY)" <Sunita.Chander@ontario.ca>
> **Date:** August 3, 2017 at 5:57:39 PM EDT
> **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Subject: Fw: BN - Ontario Faiy Hydro Plan Program Payments**
>
> Hi John, looks like there are some staff level discussions happening on this. As you can appreciate, the Fair Hydro Plan programs are significant and we need to ensure that rebates are provided in a timely manner.
>
> Please let me know what the next steps are. We shared an MOU at the staff level a few weeks back on this
>
> Thanks,
>
> Sent from my BlackBerry
> From: Hunter, Robert A. (ENERGY) <Robert.A.Hunter@ontario.ca>
> Sent: Thursday, August 3, 2017 5:53 PM
> To: Kathirgamanathan,Shajee (OFA); He, Gavin (OFA)

Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY)
Subject: BN - Ontario Faiy Hydro Plan Program Payments

Hi Shajee,

Please see attached the requested briefing note outlining the rationale for why the Ministry of Energy is requesting the OFA to facilitate payments for programs under the Fair Hydro Plan.

Thank you,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca<mailto:robert.a.hunter@ontario.ca>

From:	John Kim
To:	Nadine Petsche (MOF); Bharat Patel (MOF)
Cc:	Bruno Amara; Montgomery, Kaitlin (MOF); Shyrose Virani (MOF)
Subject:	RE: Book value of shares - provincial equity injection
Date:	Wednesday, June 07, 2017 7:27:43 AM

Great, thanks.

From: Petsche, Nadine (TBS) [mailto:Nadine.Petsche@ontario.ca]
Sent: Tuesday, June 06, 2017 7:38 PM
To: John Kim <John.Kim@ofina.on.ca>; Bharat Patel (MOF) <Bharat.Patel3@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Shyrose Virani (MOF) <Shyrose.Virani@ontario.ca>
Subject: RE: Book value of shares - provincial equity injection

Hi John.
Shyrose will be in touch to set up a time. n

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: June-06-17 5:01 PM
To: Petsche, Nadine (TBS); Patel, Bharat (TBS)
Cc: Bruno Amara; Montgomery, Kaitlin (MOF)
Subject: Book value of shares - provincial equity injection

Hi Nadine, Bharat,

Do you have time for a quick call tomorrow?

We have a question.

John

Y. John Kim
Director, Electricity Finance Branch
Corporate & Electricity Finance Division
Ontario Financing Authority
Ph: 416-212-6996
Email: john.kim@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Petsche, Nadine (TBS)
To:	John Kim; Bharat Patel (MOF)
Cc:	Bruno Amara; Montgomery, Kaitlin (MOF); Shyrose Virani (MOF)
Subject:	RE: Book value of shares - provincial equity injection
Date:	Tuesday, June 06, 2017 7:37:52 PM

Hi John.

Shyrose will be in touch to set up a time. n

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: June-06-17 5:01 PM
To: Petsche, Nadine (TBS); Patel, Bharat (TBS)
Cc: Bruno Amara; Montgomery, Kaitlin (MOF)
Subject: Book value of shares - provincial equity injection

Hi Nadine, Bharat,

Do you have time for a quick call tomorrow?

We have a question.

John

Y. John Kim
Director, Electricity Finance Branch
Corporate & Electricity Finance Division
Ontario Financing Authority
Ph: 416-212-6996
Email: john.kim@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Petsche, Nadine (TBS)
To: John Kim
Subject: RE: Book value of shares - provincial equity injection
Date: Wednesday, June 07, 2017 12:47:58 PM

John.
I can be at OFA for this call. Where is your office located again? N

Organizer: Virani, Shyrose (TBS)
When: 1:00 PM - 1:15 PM June 7, 2017
Subject: RE: Book value of shares - provincial equity injection
Location: John to call Nadine at 416 325 8027

From: Gavin He
To: John Kim
Cc: Shajee Kathirgamanathan
Subject: RE: Confirm with FTD
Date: Monday, December 04, 2017 11:15:07 AM

Hi John,

Sure, I will follow up with FTD.

Also, I will ask Shruti on a status update on that, as she agreed to have ENERGY sign first and send 2 original copies to us.

Regards,
Gavin He

From: John Kim
Sent: Monday, December 04, 2017 11:12 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Confirm with FTD

Also, the executing of the MOU….let's follow up with Shruti to get this done.

From: John Kim
Sent: Monday, December 04, 2017 10:58 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Confirm with FTD

Hi Gavin,

This afternoon, could you try to get FTD to confirm the discussion in the call today? If all numbers are to be finalized Dec 5-6 and if the documents are to be signed and delivered Dec 15 for the first iteration, with equity injection to be effected on the 18th, it shouldn't be a problem but let's clarify that with FTD and circle back to Shruti.

Let me know if you need me to be involved.

Thanks,

John

Y. John Kim
Director, Electricity Finance Branch

Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

From: John Kim
To: Carlos Yep; Mike Manning
Cc: Bruno Amara; Ken Kandeepan
Subject: RE: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date: Friday, June 02, 2017 2:27:34 PM

Hi Carlos, Mike,

I would appreciate a bit of a debrief on the meeting and may organize a short meeting Tuesday or so next week for a small group to that end.

I don't have an interest in terms of the benchmark, etc. per se but do have an interest looking it from the electricity sector perspective.

John

From: Ken Kandeepan
Sent: Friday, June 02, 2017 1:29 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Graham Monroe <Graham.Monroe@ofina.on.ca>; Connie Chen <Connie.Chen@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Subject: RE: Draft GA Sub debt term sheet - Performance Fee Recommendations

Carlos, Mike and Jim

Since I will not be available for the meeting this afternoon here is my single comment.

I have concerns with the weighted average calculation of both the benchmark and actual issuance including the debt issued to the Trust by OPG funded by the 44% equity injection given that there are no market forces in play with regard both issuance and funding of this tranche, at least from an OPG perspective.

The only way in which this tranche is acceptable for performance inclusion is by OPG linking the yield on this debt to what was issued to the markets by the Trust. For example the debt from the equity injection is X bps above or below what was issued in the markets for equal tenors. Even so a linked component in the benchmark, in my opinion, adds limited value.

Thanks

Ken k

From: Carlos Yep
Sent: Wednesday, May 31, 2017 9:06 AM

To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations

fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet

Carlos,

Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.

Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

<< File: Draft Subordianted Debt Term Sheet.doc >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Gavin He
To:	John Kim
Subject:	RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date:	Wednesday, March 21, 2018 10:25:29 AM

Hi John,

Yes, that should be fine then, if they already been in touch.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, March 21, 2018 10:25 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro - March 22 equity injection

I think all good then?

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: Wednesday, March 21, 2018 10:20 AM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Thanks.
John, I just heard that our Anthea Yao has been in touch with your Sujeev Jegatheeswaran on this so I think we are good!
Best regards,
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, March 21, 2018 10:11 AM
To: GRECO Clara -LAWDIV <clara.greco@opg.com>
Cc: Kim, John (OFA) <John.Kim@ofina.on.ca>

Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Sure. Please follow up with John (cc'd).

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: March 21, 2018 9:36 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Importance: High

Thanks Shruti. I appreciate your (and everyone's) help at Energy and OFA. I was asked if it would be possible to get an OFA confirmation email once the funds have been wired, ie a wire tracking number.
Is there someone at OFA I can contact directly about this??

Regards
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	John Kim
To:	"GRECO Clara -LAWDIV"; Talwar, Shruti (ENERGY)
Subject:	RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date:	Wednesday, March 21, 2018 10:25:19 AM

Great, if this is an ongoing process, you're best to put that in place with operational groups, which I think you did.

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: Wednesday, March 21, 2018 10:20 AM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Thanks.
John, I just heard that our Anthea Yao has been in touch with your Sujeev Jegatheeswaran on this so I think we are good!
Best regards,
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, March 21, 2018 10:11 AM
To: GRECO Clara -LAWDIV <clara.greco@opg.com>
Cc: Kim, John (OFA) <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Sure. Please follow up with John (cc'd).

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: March 21, 2018 9:36 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Importance: High

Thanks Shruti. I appreciate your (and everyone's) help at Energy and OFA. I was asked if it would be possible to get an OFA confirmation email once the funds have been wired, ie a wire tracking

number.
Is there someone at OFA I can contact directly about this??

Regards
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Gavin He
To: John Kim
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date: Wednesday, March 21, 2018 10:24:00 AM
Attachments: 2017-11-08- Equity Injection process v.3.pdf

Hi John,

Will this be an ongoing request, or one time?

Back in December when we were discussing the process, OFA will provide confirmation to Energy when the payment is done. So I told Settlements to provide confirmation to Shruti after it's done going forward. I think it would be better to keep this process clean as possible, also it might be hard for Settlements to keep track of the distribution list.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, March 21, 2018 10:14 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Would you let Settlements know?

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, March 21, 2018 10:11 AM
To: GRECO Clara -LAWDIV <clara.greco@opg.com>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Sure. Please follow up with John (cc'd).

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: March 21, 2018 9:36 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Importance: High

Thanks Shruti. I appreciate your (and everyone's) help at Energy and OFA. I was asked if it would be possible to get an OFA confirmation email once the funds have been wired, ie a wire tracking number.
Is there someone at OFA I can contact directly about this??

Regards

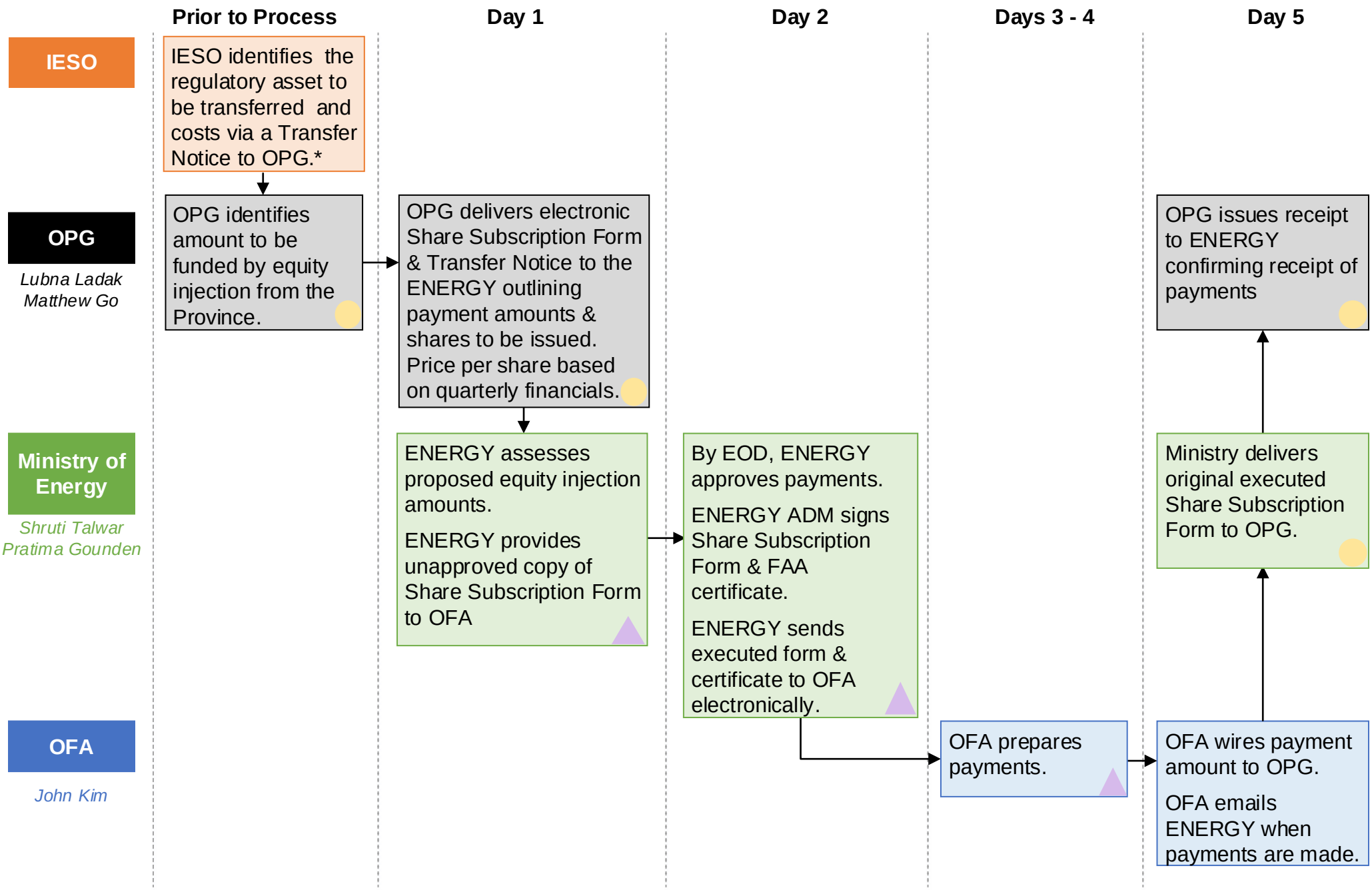
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

Monthly OPG Equity Injection Process

Process from OPG-ENERGY Master Share Subscription Agreement

Process from OFA-ENERGY MOU Relating to Fair Hydro Plan



*OPG will notify IESO of its monthly fees & expenses, to be included in Transfer Notice amounts

From: GRECO Clara -LAWDIV
To: Talwar, Shruti (ENERGY)
Cc: John Kim
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date: Wednesday, March 21, 2018 10:20:28 AM

Thanks.
John, I just heard that our Anthea Yao has been in touch with your Sujeev Jegatheeswaran on this so I think we are good!
Best regards,
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, March 21, 2018 10:11 AM
To: GRECO Clara -LAWDIV <clara.greco@opg.com>
Cc: Kim, John (OFA) <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Sure. Please follow up with John (cc'd).

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: March 21, 2018 9:36 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Importance: High

Thanks Shruti. I appreciate your (and everyone's) help at Energy and OFA. I was asked if it would be possible to get an OFA confirmation email once the funds have been wired, ie a wire tracking number.
Is there someone at OFA I can contact directly about this??

Regards
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation

700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Talwar, Shruti (ENERGY)
To:	GRECO Clara -LAWDIV
Cc:	John Kim
Subject:	RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date:	Wednesday, March 21, 2018 10:11:32 AM

Sure. Please follow up with John (cc'd).

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: March 21, 2018 9:36 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Importance: High

Thanks Shruti. I appreciate your (and everyone's) help at Energy and OFA. I was asked if it would be possible to get an OFA confirmation email once the funds have been wired, ie a wire tracking number.
Is there someone at OFA I can contact directly about this??

Regards
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

From: GRECO Clara -LAWDIV
To: John Kim; Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date: Wednesday, March 21, 2018 10:28:39 AM

Agreed. It was on my list to discuss when we do our lessons learned.

Have a great day

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: Wednesday, March 21, 2018 10:25 AM
To: GRECO Clara -LAWDIV <clara.greco@opg.com>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Great, if this is an ongoing process, you're best to put that in place with operational groups, which I think you did.

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: Wednesday, March 21, 2018 10:20 AM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Thanks.
John, I just heard that our Anthea Yao has been in touch with your Sujeev Jegatheeswaran on this so I think we are good!
Best regards,
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, March 21, 2018 10:11 AM
To: GRECO Clara -LAWDIV <clara.greco@opg.com>
Cc: Kim, John (OFA) <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Sure. Please follow up with John (cc'd).

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: March 21, 2018 9:36 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Importance: High

Thanks Shruti. I appreciate your (and everyone's) help at Energy and OFA. I was asked if it would be possible to get an OFA confirmation email once the funds have been wired, ie a wire tracking number.
Is there someone at OFA I can contact directly about this??

Regards
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message,

including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Sarah Neville
To:	Carlos Yep
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; James Devine; Ken Kandeepan; John Kim; Kenneth Russell
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 12, 2017 3:38:07 PM

Hi Carlos – I am still confused. For whose benefit is the protocol being entered into? The Province (MOE or MOF) or OFA?

Who has requested it and for what purpose? Is it to provide OFA(?)/MOF(?)/MOE(?) with certainty as to how subordinate and junior debt issued by OPG will be priced? Who initiated the change from the Nov 29 draft (in which MOE was a party) to the Dec 11 draft (which has switched to OFA?). Was this done at the request of the OFA after review, or was it done unilaterally by MOE?

I am advised by Ken that the service MOU he has been involved with deals only with what OFA will do to facilitate the payment by MoE for Class A Shares. The only parties to the MOU are MOE and OFA (OPG is not a party). There was a proposal in the early stages whereby MOE requested that OFA be a party to the subscription agreement but, as with here, we didn't really understand why that would be necessary or appropriate, and would have had the effect of shifting some responsibilities of MOE onto OFA, without clear authorization. As a result, the MOU was pursued as a better option.

I note the OFA isn't providing any service under the Protocol. It's only role is to receive information from OPG. It is not even clear what the OFA is supposed to do with that information. Based on the above, I do not know why the OFA would properly be the counterparty.

I suspect I am missing key pieces of the puzzle. If you would like to discuss further, I will be back in the office tomorrow.

Sarah

From: Carlos Yep
Sent: Tuesday, December 12, 2017 2:32 PM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Sarah,
Background information:
1)OPG Treasury had initially circulated the "Fair Hydro Subordinated Notes Interest Rate Protocol" draft memos dated Nov7 and Nov 21 describing the process that OPG would use to price the

Subordinated and Junior-Subordinated debt between OPG and the Trust. Capital Markets has provided feedback to simplify the process and spread calculations used for pricing the sub and junior-sub debt.
2)A new "Subordinated Debt Pricing Protocol Agreement" draft dated Nov29 showing the counterparties as OPG and MoE was received and circulated on Nov30.
3)This morning, we received the "Subordinated Debt Pricing Protocol" draft dated Dec11 showing the counterparties as OPG and OFA.

Let's discuss with Ken, if the MoU can incorporate any help that MoE requires relating to the pricing of the subordinated and junior sub debt pricing protocol.

Regards
Carlos

From: Sarah Neville
Sent: Tuesday, December 12, 2017 12:41 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hello Carlos – I have never seen this protocol before and don't have any background or context. I have reached out to Ken Russell who has been working on an MOU with MOE regarding the services being provided to MOE in regard to the equity injection process, to see if this has crossed his desk or come up in discussion. I am waiting for his response but this does not seem related to that.

I agree with Malle that MOE should provide information as to the rationale of making the OFA the counterparty.

Based on a cursory review, I note that the language in the document has been changed from "agreement" to "protocol". I didn't identify any positive obligations of the OFA to do anything under the protocol. The only mention of the OFA is with respect to OPG's reporting obligations:

2.06Reporting

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

I don't see why OFA needs to be the sole counter-party to this protocol for S. 2.06 to be included/effective (reporting to the Province can be agreed to be done through reporting to the Province's agent, the OFA). I would think that the Province would want to be the counterparty to the extent it wants to enforce the protocol directly, rather than doing so through the OFA (to the extent a Protocol is enforceable, I note that there is no clause indicating that OPG is bound by the

protocol and there is no clause outlining any remedies for breach, or process for dispute resolution. I also note that the time periods in 2.05 and 2.06 are vague – "from time to time" and "within a reasonable time" respectively, not sure if this is appropriate for the Provnce's/OFA's needs).

I have no comments on the clauses dealing with interest rate setting and spreads as these are technical. I am assuming that Capital Markets is reviewing and commenting on the appropriateness of these clauses.

Absent more context, background, understanding of the purpose of this protocol, I don't think I can add anything further at this point. Please let me know if you would like to discuss or if you have any questions.

Thanks very much,

Sarah

From: Carlos Yep
Sent: Tuesday, December 12, 2017 9:50 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sarah
FYI – here are the 2 documents
C

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:46 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

We can discuss this but unfortunately will be caught up on a protection agreement call for awhile. Would you please ask them why they think the OFA should be included and what the OFA's obligations should be. I'm copying Sarah Neville here as well as she should review where OFA is to be a party.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: December 12, 2017 9:34 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Malle,
I just received the latest draft of the pricing protocol document and notice that OPG has inserted the

OFA as the counterparty.

Can we discuss?

Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, December 12, 2017 9:27 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Please find attached a clean and incremental blackline of the revised Subordinated Debt Pricing Protocol. This reflects comments received from the MOE late last week. We have revised the document to appear less formal (changed from Protocol Agreement to Protocol) and also changed the counterparty to be the OFA. We have also added an obligation for the FSM to share the inputs (ie Indicative Spreads, and Credit Ratings) with the OFA, within a reasonable time period.

Please let us know if you have any additional comments or concerns.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Carlos Yep
To:	Sarah Neville; Kenneth Russell
Cc:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Mike Manning; James Devine; Ken Kandeepan; John Kim
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 12, 2017 2:31:35 PM

Hi Sarah,
Background information:
1)OPG Treasury had initially circulated the "Fair Hydro Subordinated Notes Interest Rate Protocol" draft memos dated Nov7 and Nov 21 describing the process that OPG would use to price the Subordinated and Junior-Subordinated debt between OPG and the Trust. Capital Markets has provided feedback to simplify the process and spread calculations used for pricing the sub and junior-sub debt.
2)A new "Subordinated Debt Pricing Protocol Agreement" draft dated Nov29 showing the counterparties as OPG and MoE was received and circulated on Nov30.
3)This morning, we received the "Subordinated Debt Pricing Protocol" draft dated Dec11 showing the counterparties as OPG and OFA.

Let's discuss with Ken, if the MoU can incorporate any help that MoE requires relating to the pricing of the subordinated and junior sub debt pricing protocol.

Regards
Carlos

From: Sarah Neville
Sent: Tuesday, December 12, 2017 12:41 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hello Carlos – I have never seen this protocol before and don't have any background or context. I have reached out to Ken Russell who has been working on an MOU with MOE regarding the services being provided to MOE in regard to the equity injection process, to see if this has crossed his desk or come up in discussion. I am waiting for his response but this does not seem related to that.

I agree with Malle that MOE should provide information as to the rationale of making the OFA the counterparty.

Based on a cursory review, I note that the language in the document has been changed from "agreement" to "protocol". I didn't identify any positive obligations of the OFA to do anything under the protocol. The only mention of the OFA is with respect to OPG's reporting obligations:

2.06Reporting

The FSM will share with the OFA, within a reasonable time period following receipt, a copy of all Indicative Spreads obtained pursuant to Section 2.04 and all Credit Ratings obtained pursuant to Section 2.05.

I don't see why OFA needs to be the sole counter-party to this protocol for S. 2.06 to be included/effective (reporting to the Province can be agreed to be done through reporting to the Province's agent, the OFA). I would think that the Province would want to be the counterparty to the extent it wants to enforce the protocol directly, rather than doing so through the OFA (to the extent a Protocol is enforceable, I note that there is no clause indicating that OPG is bound by the protocol and there is no clause outlining any remedies for breach, or process for dispute resolution. I also note that the time periods in 2.05 and 2.06 are vague – "from time to time" and "within a reasonable time" respectively, not sure if this is appropriate for the Provnce's/OFA's needs).

I have no comments on the clauses dealing with interest rate setting and spreads as these are technical. I am assuming that Capital Markets is reviewing and commenting on the appropriateness of these clauses.

Absent more context, background, understanding of the purpose of this protocol, I don't think I can add anything further at this point. Please let me know if you would like to discuss or if you have any questions.

Thanks very much,

Sarah

From: Carlos Yep
Sent: Tuesday, December 12, 2017 9:50 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sarah
FYI – here are the 2 documents
C

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, December 12, 2017 9:46 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

We can discuss this but unfortunately will be caught up on a protection agreement call for awhile. Would you please ask them why they think the OFA should be included and what the OFA's obligations should be. I'm copying Sarah Neville here as well as she should

review where OFA is to be a party.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: December 12, 2017 9:34 AM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Malle,
I just received the latest draft of the pricing protocol document and notice that OPG has inserted the OFA as the counterparty.

Can we discuss?

Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, December 12, 2017 9:27 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; RYFA Ken -TREASURY <ken.ryfa@opg.com>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Please find attached a clean and incremental blackline of the revised Subordinated Debt Pricing Protocol. This reflects comments received from the MOE late last week. We have revised the document to appear less formal (changed from Protocol Agreement to Protocol) and also changed the counterparty to be the OFA. We have also added an obligation for the FSM to share the inputs (ie Indicative Spreads, and Credit Ratings) with the OFA, within a reasonable time period.

Please let us know if you have any additional comments or concerns.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying,

conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	"Talwar, Shruti (ENERGY)"
Cc:	Graham Young (MOI); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Gavin He; Carlos Yep
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 05, 2017 2:50:27 PM

Hi Shruti,

Some informal comments. I had a chat with Carlos on the trading floor. He indicated that there should be no concern about the survey mechanism (as you point out consistent with how OEFC lends for general corporate purpose). If there are concerns Energy can give Carlos a call.

On the counterparty question, OFA will not want to be a counterparty to this agreement. We haven't checked with Legal here but we will likely stay out of this agreement.

Thanks,

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, December 05, 2017 10:17 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi John,

As discussed, attached is the interest protocol agreement that OPG has drafted with support from OFA capital markets. I have a few preliminary comments – my main one being who would be the appropriate counterparties (or counterparty) and what would be the ongoing roles and responsibilities for each party. Additional details in the attached.

We need to land this one pretty quickly so let us know what the OFA (policy, capital markets, legal) views are and we can go from there.
Our LSB has spoken to OPG legal as well. It may help to have a call with all groups tomorrow so we can figure how best to go forward.

Thanks,
Shruti

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 30, 2017 11:13 AM

To: Talwar, Shruti (ENERGY)
Cc: Yep, Carlos (OFA)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Shruti,

I think this would fall under you….let me know if any questions.

Thanks,

John

From: Carlos Yep
Sent: Thursday, November 30, 2017 8:22 AM
To: John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 29, 2017 6:07 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached for your review please find the draft "Sub Debt Pricing Protocol Agreement", based on the term sheet you've commented on. Please let us know if you have any comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>

Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

For term debt, the process will be similar to our corporate debt spread, i.e. dealers provide indicative spread on a weekly basis (I believe OFA is copied on those emails as well), even though OPG does not issue debt on a weekly basis. This will provide us with a good sense of market conditions, etc.

For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 4:31 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
For the term debt, do you still need spreads "no less frequently than weekly"?
What is the projected frequency of issuing senior debt – quarterly?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:27 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Ok please give me a call if you'd like to discuss

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 3:41 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
I have not discussed with Mike or Jim yet
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 3:30 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos – I left a v-message with you as I've realized that you might find the warehouse pricing different as discussed previously. The reason is that based on the Warehouse Facility Agreement re the senior tranche we are working on with dealers, the way it is to be charged includes various fees, such as upfront fees, standby fees, program fees (CP + adder), etc. The facility is committed by dealers and the Global Adjustments deferral assets will be part of banks' ABCP Trust assets pool, through which CP will be issued.

Please give me a call if you'd like to go through the details and rationale.

Sheen
4165922458

From: LIU Sheen -TREASURY
Sent: Wednesday, November 22, 2017 9:56 AM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you

are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Talwar, Shruti (ENERGY)
To:	John Kim
Cc:	Graham Young (MOI); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY)
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Tuesday, December 05, 2017 10:17:15 AM
Attachments:	Interest Protocol Agreement (OPG 11-29)_ST.doc

Hi John,

As discussed, attached is the interest protocol agreement that OPG has drafted with support from OFA capital markets. I have a few preliminary comments – my main one being who would be the appropriate counterparties (or counterparty) and what would be the ongoing roles and responsibilities for each party. Additional details in the attached.

We need to land this one pretty quickly so let us know what the OFA (policy, capital markets, legal) views are and we can go from there.
Our LSB has spoken to OPG legal as well. It may help to have a call with all groups tomorrow so we can figure how best to go forward.

Thanks,
Shruti

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 30, 2017 11:13 AM
To: Talwar, Shruti (ENERGY)
Cc: Yep, Carlos (OFA)
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Shruti,

I think this would fall under you….let me know if any questions.

Thanks,

John

From: Carlos Yep
Sent: Thursday, November 30, 2017 8:22 AM
To: John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 29, 2017 6:07 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached for your review please find the draft "Sub Debt Pricing Protocol Agreement", based on the term sheet you've commented on. Please let us know if you have any comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

For term debt, the process will be similar to our corporate debt spread, i.e. dealers provide indicative spread on a weekly basis (I believe OFA is copied on those emails as well), even though OPG does not issue debt on a weekly basis. This will provide us with a good sense of market conditions, etc.

For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 4:31 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
For the term debt, do you still need spreads "no less frequently than weekly"?
What is the projected frequency of issuing senior debt – quarterly?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:27 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Ok please give me a call if you'd like to discuss

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 3:41 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
I have not discussed with Mike or Jim yet
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 3:30 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos – I left a v-message with you as I've realized that you might find the warehouse pricing different as discussed previously. The reason is that based on the Warehouse Facility Agreement re the senior tranche we are working on with dealers, the way it is to be charged includes various fees, such as upfront fees, standby fees, program fees (CP + adder), etc. The facility is committed by

dealers and the Global Adjustments deferral assets will be part of banks' ABCP Trust assets pool, through which CP will be issued.

Please give me a call if you'd like to go through the details and rationale.

Sheen
4165922458

From: LIU Sheen -TREASURY
Sent: Wednesday, November 22, 2017 9:56 AM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>

Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Draft: November 29, 2017

Subordinated Debt Pricing Protocol Agreement

THIS AGREEMENT is made as of •, 2017

BETWEEN

ONTARIO POWER GENERATION INC., a corporation incorporated under the laws of Ontario ("**OPG**"), solely in its capacity as financial services manager (the "**FSM**") of the Fair Hydro Trust (the "**Issuer**"), a trust existing under the laws of the Province of Ontario

- and -

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, (the "**Province**") as represented by the Minister of Energy

Commented [TS(1]: Not clear to me what the role is for the Ministry except to approve an approach that FSM is putting forward. Are there any ongoing obligations/reporting?

Given the technical nature of the approval, and that it appears to be based on the approach for OEFC lending to OPG for general corporate purposes, I would strongly recommend that OFA/Ministry of Finance co-sign this document

WHEREAS the Issuer and BNY Trust Company of Canada entered into that certain trust indenture (as supplemented from time to time, the "**Trust Indenture**") dated ■, 2017;

AND WHEREAS pursuant to the Trust Indenture the Issuer may issue, from time to time, certain Subordinated Notes and Junior Subordinated Notes;

AND WHEREAS the FSM and the Province have agreed to establish herein the procedures for establishing the interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes where such Notes are to be issued only to OPG or its Affiliates;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the parties agree as follows:

ARTICLE 1 - INTERPRETATION

1.01 **Definitions**

In this Agreement, unless something in the subject matter or context is inconsistent therewith terms used herein have the meanings ascribed in the Trust Indenture. In addition, the following terms shall have the following meanings:

(a) "**Applicable Spread**" has the meaning ascribed to such term in section 2.04(c);

(b) "**Base Rate**" has the meaning ascribed to such term in section 2.03(a) or (b), as applicable;

(c) "**Junior Subordinated Term Note**" means a Junior Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement;

(d) "**Junior Subordinated Warehouse Note**" means a Junior Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement;

(e) "**Subordinated Term Note**" means a Subordinated Note that is not incurred pursuant to a Warehouse Facility Agreement; and

(f) "**Subordinated Warehouse Note**" means a Subordinated Note that is incurred pursuant to a Warehouse Facility Agreement.

1.02 **Headings**

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

ARTICLE 2 - INTEREST RATE PROTOCOLS

2.01 **Interest Rate Protocols**

The interest rate applicable to each Series of Subordinated Notes and Junior Subordinated Notes that are issued only to OPG or its Affiliates shall be established by the FSM in accordance with the procedures set out herein.

2.02 **Composite Interest Rate**

For any Series of Subordinated Notes or Junior Subordinated Notes that are issued only to OPG or its Affiliates, the interest rate shall be the aggregate of the applicable Base Rate and the Applicable Spread.

2.03 **Base Rate**

(a) For Subordinated Term Notes and Junior Subordinated Term Notes, the "Base Rate" shall be an annual rate of interest comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time and with the same term as that of the Series of Subordinated Notes or Series of Junior Subordinated Notes, as applicable. In the event that there are no such Benchmark Government of Canada bonds listed at the time of issuance, the applicable Base Rate of interest shall be established by interpolating on a straight line basis the terms of the two Benchmark Government of Canada bonds that are closest to the term of the applicable Series of Subordinated Term Notes or Series of Junior Subordinated Term Notes, as applicable, one being for a longer term and the other being for a shorter term; and

(b) For Subordinated Warehouse Notes and Junior Subordinated Warehouse Notes, the "Base Rate" shall be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations, expressed as a rate per annum, as

Commented [TS(2]: As it is structured, while the approach may be consistent with how OEFC lends to OPG for general coroporate purpose, there does not seem to be a check in place on the interest rates. The rates will be a large driver of ratepayer impacts, particulary in the long run.

I would suggest a mechanism that OPG check in with OFA on the base rate and applicable spread prior to the issuance of notes. OFA would then communicate its satisfication with OPG's survey results to OPG and Energy. This may need further discussion if this oversight has other unintended consequences.

determined by the FSM acting reasonably, or at any time when there are no Warehouse Obligations outstanding the "Base Rate" shall be the average of the posted "prime rate of interest" published by the five largest Canadian banks at such time.

2.04 **Applicable Spread**

(a) Prior to the issuance of any new Subordinated Term Notes or Junior Subordinated Term Notes, the FSM will solicit from at least five investment dealers in Canada, a survey of indicative spreads over the applicable Base Rate (collectively, the "**Indicative Spreads**" and each an "**Indicative Spread**") applicable to capital market debt issuances having features comparable to each of the proposed Series of Subordinated Term Notes and Junior Subordinated Term Notes, having regard to the expected credit rating and tenor. Such solicitation of Indicative Spreads shall occur on the pricing date of the applicable Series of Subordinated Term Notes and Junior Subordinated Term Notes and may, at the FSM's option, also occur on other dates selected by the FSM provided that no such date is more than **one week** prior to the pricing date. The Applicable Spread for Subordinated Term Notes or Junior Subordinated Term Notes, as applicable, will be the simple average of the respective Indicative Spreads after excluding the highest and the lowest Indicative Spread for each day (not more than one week prior to the pricing date) that Indicative Spreads were provided;

(b) For Subordinated Warehouse Notes the FSM will solicit from time to time, but no less frequently than on an annual basis, from at least five investment dealers in Canada, a survey of Indicative Spreads over the applicable Base Rate applicable to commercial paper issuances having features comparable to the Subordinated Warehouse Notes including credit rating and tenor. The Applicable Spread for Subordinated Warehouse Notes will be the simple average of the respective Indicative Spreads, after excluding the highest and the lowest Indicative Spread;

(c) The Applicable Spread for Junior Subordinated Warehouse Notes shall be equal to the Applicable Spread derived from Section 2.04(b) for the Subordinated Warehouse Notes, provided the Junior Subordinated Term Notes are rated Investment Grade. If the Junior Subordinated Term Notes are rated below Investment Grade, the Applicable Spread for the Junior Subordinated Warehouse Notes will equal to the Applicable Spread for the Subordinated Warehouse Notes plus 100 bps.

For the purposes of this section "Investment Grade" means an "approved rating" from at least one "designated rating organization" (as such terms are defined for securities law purposes).

2.05 **Credit Ratings**

In order to facilitate the survey of Indicative Spreads, the FSM will solicit from time to time, from an approved rating organization (as such term is defined for securities laws

Commented [TS(3]: What does this mean on an objective basis?

Commented [TS(4]: Is OPG to keep a record of the underlying data to support the calculations (e.g., surveys etc.) and submit to the OFA/Ministry?

Commented [TS(5]: How do we know that these are the five best deals? Is there a risk that only fewer than 5 dealers in Canada with such offerings? If so, what is the alternative?

Commented [TS(6]: Five business days?

Commented [TS(7]: What is the methodology to determine comparables? Will each dealer have their own approach. Should these dealers have certain credentials etc.

purposes), a credit rating, which may include a shadow rating, for the Subordinated Notes and the Junior Subordinated Notes.

ARTICLE 3 - GENERAL

3.01 Benefit of the Agreement

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

3.02 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

3.03 Assignment, Amendments and Waivers

No assignment or amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by all of the parties. No waiver of any breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, will be limited to the specific breach waived.

3.04 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability will attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof will continue in full force and effect.

3.05 Governing Law

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have exclusive jurisdiction to entertain any action arising under this Agreement. The parties hereby attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

3.06 Counterparts

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

3.07 **Electronic Execution**

Any party may deliver an executed signature page to this Agreement by electronic transmission and such delivery will be as effective as delivery of a manually executed copy of the Agreement by such party.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF the parties have executed this Agreement.

ONTARIO POWER GENERATION INC.
solely in its capacity as Financial Services Manager of the Fair Hydro Trust

Per: _____
Ken Hartwick
Chief Financial Officer and Senior Vice President

Per: _____
John Lee
Vice President- Treasurer

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

Per: _____
[Name]
[Position]

From:	Gavin He
To:	John Kim
Cc:	Shajee Kathirgamanathan; Bruno Amara
Subject:	RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Thursday, November 30, 2017 2:15:16 PM

Hi John,

I have reviewed the documents and I don't have any comments at this time.

The focus of the Agreement is on how the interest rate will be calculated. In a nutshell, the interest rate will be the sum of base rate and spread. For the term note, the base rate will be comprised of the applicable yield for the Benchmark Government of Canada bonds listed at the time. For the Warehouse note, the base rate will be an annual interest rate equal to the all-in funding costs under the related Warehouse Obligations. For the Spread, it will be the simple average of the surveys of indicative spread from at least 5 investment dealers in Canada, excluding the highest and the lowest indicative Spread.

The Agreement also states that to facilitate the surveys of those indicative spreads, the FSM will solicit from an approved rating organization (e.g. DBRS and/or Moody's) a credit rating on a regular basis.

Regards,
Gavin He

From: John Kim
Sent: Thursday, November 30, 2017 8:23 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Pls. take a look.

From: Carlos Yep
Sent: Thursday, November 30, 2017 8:22 AM
To: John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

FYI

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]

Sent: Wednesday, November 29, 2017 6:07 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached for your review please find the draft "Sub Debt Pricing Protocol Agreement", based on the term sheet you've commented on. Please let us know if you have any comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Monday, November 27, 2017 3:10 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
The only change that I have is in section
Applicable Spread: "Applicable Spread" means the addition spread in basis points …

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:39 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

For term debt, the process will be similar to our corporate debt spread, i.e. dealers provide indicative spread on a weekly basis (I believe OFA is copied on those emails as well), even though OPG does not issue debt on a weekly basis. This will provide us with a good sense of market conditions, etc.

For senior debt issuance, you are correct, probably quarterly, depending on the accumulated amount of deferral assets.

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 4:31 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
For the term debt, do you still need spreads "no less frequently than weekly"?
What is the projected frequency of issuing senior debt – quarterly?
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 4:27 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Ok please give me a call if you'd like to discuss

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 22, 2017 3:41 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
I have not discussed with Mike or Jim yet
C

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, November 22, 2017 3:30 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos – I left a v-message with you as I've realized that you might find the warehouse pricing different as discussed previously. The reason is that based on the Warehouse Facility Agreement re the senior tranche we are working on with dealers, the way it is to be charged includes various fees, such as upfront fees, standby fees, program fees (CP + adder), etc. The facility is committed by dealers and the Global Adjustments deferral assets will be part of banks' ABCP Trust assets pool, through which CP will be issued.

Please give me a call if you'd like to go through the details and rationale.

Sheen
4165922458

From: LIU Sheen -TREASURY
Sent: Wednesday, November 22, 2017 9:56 AM
To: 'Carlos Yep' <Carlos.Yep@ofina.on.ca>
Cc: MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Carlos,

Attached please find the revised summary term sheet re Protocol Agreement which incorporated your suggestions/comments. Please review and let us know if you have further comments.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Thursday, November 16, 2017 12:49 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Sheen
Thanks
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Thursday, November 16, 2017 11:31 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Carlos,

To expedite the process, we agree with your suggestion re short term funding, as per our last

conversation , i.e. one single spread will be used for both sub and junior sub debt unless junior sub drops to non-investment grade, in which case additional 100bps will be added to junior sub for pricing purpose.

For long term funding, we are in agreement with your approach suggested below.

Thanks

Sheen

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Wednesday, November 15, 2017 3:44 PM
To: LIU Sheen -TREASURY <sheen.liu@opg.com>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying,

conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Gavin He
To: Graham Young (MOI)
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); John Kim; Bruno Amara
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date: Thursday, December 14, 2017 12:38:50 PM

Hi Graham,

My understanding is this agreement was managed by Carlos Yep/Capital Market Division of OFA. I wasn't aware of this request, so I thin Carlos might be able to help in this case?

I am copying Bruno on this as John is currently on vacation and Bruno is the acting Director for our Branch.

Please let me know if there's anything else I can help you on this.

Regards,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Thursday, December 14, 2017 12:30 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Gavin

We found out through our Legal branch that OFA is interested in having ENERGY be a third signatory to the Interest Protocol Agreement. Do you have a sense as to why OFA would like us to sign it? We understood it to be a fairly operational agreement between OPG & OFA.

Not sure if you're looped in on the Interest Protocol Agreement, please let me know if there's another group in OFA I should be directing this question to.

Thank you,
Graham

From: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Date: Wednesday, Dec 13, 2017, 1:20 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>, MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>, Hanslep, Malle (MOF) <Malle.Hanslep@ontario.ca>, LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena,

Further to our discussion, we have converted the formal protocol agreement to a less formal protocol document to be signed by OPG and the OFA (attached). I understand that Mike Manning of the OFA, who would be signing on behalf of the OFA, has also suggested that a signatory from the MOE be added the protocol document. Let us know if there are any concerns with that. Otherwise, could you advise who could sign on behalf of the MOE? We will add that signature line to the protocol document.

I have copied Malle on this e-mail to keep her in the loop, as well as Sheen Liu from our Treasury group as she has been dealing with her counterparts at the OFA on the protocol document.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com

-----Original Message-----
From: Thouin, Alena (ENERGY) [mailto:Alena.Thouin@ontario.ca]
Sent: Monday, December 04, 2017 1:17 PM
To: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: RE: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Great
Please feel free to call my office.
We will both be there.

Sent with BlackBerry Work
(https://na01.safelinks.protection.outlook.com/?url=www.blackberry.com&data=02%7C01%7Cleslie.wong%40opg.com%7C354d653218ea476edb5208d53b434c9a%7C962f21cf93ea449f99bf402e2b2987b2%7C0%7C0%7C636480082589407160&sdata=g3LRuCZ54volVUlK7TqNK2jM6gYG1A6DiymdsRgSwSk%3D&reserved=0)

From: WONG Leslie -LAWDIV <leslie.wong@opg.com<mailto:leslie.wong@opg.com>>
Date: Monday, Dec 04, 2017, 1:16 PM
To: Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>
Cc: Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca<mailto:Khareem.Sawwaf@ontario.ca>>, MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com<mailto:tyler.mcauley@opg.com>>
Subject: Re: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Alena - I am available at 5:15. My colleague, Tyler McAuley, who worked in the agreement, will also be available for a call then.

Let us know your preference on call logistics (who to call whom, or whether a call-in number would be preferable).

Regards,

Les

Sent from my BlackBerry 10 smartphone on the Bell network.
From: Thouin, Alena (ENERGY)
Sent: Monday, December 4, 2017 12:49 PM
To: WONG Leslie -LAWDIV
Cc: Sawwaf, Khareem (ENERGY)
Subject: EXTERNAL – RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. *** _____

Hi Les
Hope you are well
I was hoping we can have a quick call on this (legal only at this point), just had some questions. I am around after 5:15 today?

Thanks
Alena

Alena Thouin
Deputy Director, Legal Services Branch
Ministries of Energy / Infrastructure / Economic Development & Growth / Research, Innovation & Science / Accessibility
56 Wellesley St. W. 18th Floor, Toronto, ON M7A 2E7
Tel: 416-325-1834 Email: alena.thouin@ontario.ca<mailto:alena.thouin@ontario.ca>

This communication may be Solicitor/Client privileged and contain confidential information intended only for the individual or entity named in the message. If the reader of this message is not the intended recipient, or the agent responsible to deliver it to the intended recipient, you are hereby notified that any review, dissemination, distribution or copying of this communication is prohibited. If this communication was received in error, please notify us by reply e-mail and delete the original message. Thank you.

From: WONG Leslie -LAWDIV [mailto:leslie.wong@opg.com]
Sent: November 30, 2017 12:16 PM
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

_____

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

_____

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Shajee Kathirgamanathan
To:	Gavin He; John Kim
Subject:	RE: EXTERNAL – RE: OPG Equity Injection - closing date March 22
Date:	Friday, March 23, 2018 9:21:07 AM

Looks good. It'll be helpful to have this quick overview.

Thanks
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Gavin He
Sent: Thursday, March 22, 2018 10:14 AM
To: John Kim <John.Kim@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: EXTERNAL – RE: OPG Equity Injection - closing date March 22

Hi John/Shajee,

FYI – OPG has confirmed the receipt of the second equity injection from OFA.

To keep track of the equity injection process, I have created the attached tracking sheet to help us monitor the total amounts, number of shares, and etc. I saved it under below folder:
S:\Users\CEF\Hydro 2018\Fair Hydro Plan\Equity Injection

This is the first draft, so any feedback is welcomed.

Regards,
Gavin He

From: YAO Anthea -FUNDMGMT [mailto:anthea.yao@opg.com]
Sent: Thursday, March 22, 2018 8:04 AM
To: Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Subject: RE: EXTERNAL – RE: OPG Equity Injection - closing date March 22

Thanks, we confirmed receipt.

Anthea

Anthea Yao | **Ontario Power Generation**

700 University Avenue, Suite H18 C2, Toronto, Ontario, M5G 1X6 | T416.592.5542 | F 416.592.4189 | E anthea.yao@opg.com

---

From: Nurudin Kaba [mailto:Nurudin.Kaba@ofina.on.ca]
Sent: Thursday, March 22, 2018 7:08 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: YAO Anthea -FUNDMGMT <anthea.yao@opg.com>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Subject: EXTERNAL – RE: OPG Equity Injection - closing date March 22

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Good morning Gavin,

Payment of CAD $202,400,000.00 has been released to Bank of Nova Scotia. LVTS reference number is LVTS6EQE9GUZGTR2.

Thanks,
Nurudin

Nurudin Kaba
Ontario Financing Authority
Coordinator – Settlements, Payments and Fiscal Agency
Finance & Treasury Division
1 Dundas Street West, Suite 1400
Toronto, ON M7A 1Y7

(416) 325-4572
(416) 860-8343 (Fax)
(647) 296-9655 (Mobile)

This message, including any attachments, is intended only for the use of the individual(s) to which it is addressed and may contain information that is privileged and confidential. Any other distribution, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply email and permanently delete this message including any attachments, without reading it or making a copy. Thank you.

From: Gavin He
Sent: Tuesday, March 20, 2018 1:24 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Risa,

Thank you very much for the update. I will let them know.

Regards,
Gavin He

From: Risa Thau
Sent: Tuesday, March 20, 2018 1:23 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Nurudin Kaba <Nurudin.Kaba@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Gavin,

Nurudin has confirmed with CIBC that they start releasing payments at 7:30 a.m. We will ask them to release the payment as early as possible and will send you the LVTS number once we receive it from them on March 22. Having said that, we can't assure OPG what time their bank, Scotiabank, will credit their account.

Thanks,

Risa Thau

From: Gavin He
Sent: Tuesday, March 20, 2018 10:47 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Risa,

Sure, thank you very much for looking into this.

Regards,
Gavin He

From: Risa Thau
Sent: Tuesday, March 20, 2018 10:46 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Gavin,

We are having our bank look into how early they can release the funds. I will get back to you when I receive confirmation.

Thanks,

Risa Thau

From: Gavin He
Sent: Tuesday, March 20, 2018 9:24 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: FW: OPG Equity Injection - closing date March 22

Hi Risa/Salvatore,

OPG is asking if we could have the funds ready for 8 a.m. on the 22nd. Is that doable?

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, March 20, 2018 9:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Ken, John,

OPG is asking if they can have the funds ready for 8 am on the 22nd?
Is that doable on your end?

Thanks,
Shruti

From: Talwar, Shruti (ENERGY)
Sent: March 16, 2018 12:21 PM

To: Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; 'settlement@ofina.on.ca'; CASHP
Cc: Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sud, Manu (ENERGY); Gounden, Pratima (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	RYFA Ken -TREASURY
To:	"Talwar, Shruti (ENERGY)"; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Gavin He; Bruno Amara; Carlos Yep
Cc:	WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan; LEE John -TREASURY; LADAK Lubna -TREASURY
Subject:	RE: EXTERNAL – RE: Process and documents for first asset purchase
Date:	Monday, December 18, 2017 6:05:21 PM

Shruti,
Please contact Tyler McAuley 416-592-4015 to arrange for pick up of the original.

Going forward I don't anticipate same issues as we had with this first transaction with respect to dates in the document.
Thanks,
Ken

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Monday, December 18, 2017 5:01 PM
To: RYFA Ken -TREASURY <ken.ryfa@opg.com>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; He, Gavin (OFA) <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Kathirgamanathan,Shajee (OFA) <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: EXTERNAL – RE: Process and documents for first asset purchase

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Earlier today, we sent an electronic copy of the signed Share Subscription form to the OFA. We can give OPG the original on the closing date – let us know who at OPG we should connect with.

One question on the transfer notice – going forward, will the usual practice be that it is signed but undated?

Shruti Talwar
Director, Strategic Policy and Analytics Branch

Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December 18, 2017 1:54 PM
To: Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; He, Gavin (OFA); Bruno Amara; Yep, Carlos (OFA)
Cc: WONG Evelyn -OFFCORPSEC; Kathirgamanathan,Shajee (OFA); LEE John -TREASURY; LADAK Lubna -TREASURY
Subject: RE: Process and documents for first asset purchase

Hi,
Just wanted to confirm the discussion between John Lee and Ken Kandeepan this morning. I understand that the Province will fund the equity injection on the morning of December 20 to help minimize any issues with closing of the first asset purchase.
Thanks,
Ken

From: RYFA Ken -TREASURY
Sent: Friday, December 15, 2017 5:38 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Kim, John (OFA)' <John.Kim@ofina.on.ca>; 'Young, Graham (ENERGY)' <Graham.Young@ontario.ca>; 'Sud, Manu (ENERGY)' <Manu.Sud@ontario.ca>; 'Ogunrinde, Deni (ENERGY)' <Deni.Ogunrinde@ontario.ca>; 'John Psinas' <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; 'Shajee Kathirgamanathan' <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase

Hi,

The Transfer Notice has been signed but has not been dated as it is being held in escrow. On closing the Transfer Notice will be dated effective the closing date and released from escrow.

Attached is the document package for the equity purchase with the signed but undated Transfer Notice. On closing we will provide an updated Transfer Notice with the date completed.

Thanks,
Ken

<< File: MSA_Share_Subscription_Notice_First_Purchase.pdf >> << File: Transfer Notice Final version in escrow until closing.pdf >> << File: Calculation of equity for FHP 2017.pdf >>

From: RYFA Ken -TREASURY
Sent: Wednesday, December 13, 2017 9:41 AM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase

Hi,
Just wanted to let everyone know that closing has been delayed as a result of discussions this week to finalize the Change in Law Protection Agreement. The credit rating process has been delayed and closing is now targeted for Dec 20 or 21. I hope to have a final transfer amount today. The amount is still around $1.2 B.
Thanks,
Ken

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV;

Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: John Kim
To: Ronald Kwan
Subject: RE: Equity Financing
Date: Saturday, April 22, 2017 1:52:00 PM

Hi Ron,

The 50% is news to me and maybe Cindy has insight we don't as even Scott was non-committal. I believe Scott won't commit to anything until circled back fully.

No certain so far on May 1 start.

Energy has not say a word and Scott was also quite reserved. Not sure if Cindy and Ken are aware of their operating protocol.

I still think Supp is a possibility but seem to be trying for a full estimates. They did indicate they wanted to avoid a sup....not sure who.

I had issues with some of his bullets but may be his English.

Yes, I'll keep you informed....and I am very concerned about how this project is run. I'm trying to do more and sometimes behind the scene.

As for the cash, I don't believe CMD's concerns/focus are all misguided, thus, my moderating some of the sentiments yesterday. It is not wrong to be informed one way or another on details the government doesn't do every day. CMD's concern is mainly consideration over time and details on how the cash out situations occur. They are not misguided in my opinion. If the government chooses not to worry about it in the end, that is a choice but to be informed and setting it up right is not a bad thing.

John

-----Original Message-----
From: Ronald Kwan
Sent: April-22-17 1:37 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: Equity Financing

Hi John,

Is the 50% supposed to then provide a buffer, vs 44%?

And would it be based on a May1 retroactive start time, so 11 months?

And has Energy provided a fiscalsed set of GA deferral estimates?

I thought the earlier discussion was for this to be in Supps. Why the change? I think it makes sense to have it in the Document Estimates, but just want to know why the change.

Ken seems to understand this, except I would not have written his first bullet quite that way, since there is an impact on the Estimates, even if indirect through Energy, as he lays out in his other bullets.

Please keep me apprised, or loop me into the exchange, as needed.

Thanks,
Ron

P.S. An Aside: If Ken and FTD understand that the OFA is providing cash to Energy to inject equity into OPG, how can CMD be thinking about what Francisco was talking about yesterday?

> On Apr 22, 2017, at 1:09 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> Fyi.
>
> -----Original Message-----
> From: Veinot, Cindy (TBS) [mailto:Cindy.Veinot@ontario.ca]
> Sent: April-22-17 10:48 AM
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Helen Graham (MOF) <Helen.Graham@ontario.ca>
> Cc: Felix Fung (MOF) <Felix.Fung@ontario.ca>; Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Psinas, John (TBS) <John.Psinas@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; James Strang (MOF) <James.Strang@ontario.ca>; Sandy Luk (MOHLTC) <Sandy.Luk@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>; Nadine Petsche (MOF) <Nadine.Petsche@ontario.ca>
> Subject: Re: Equity Financing
>
> Agreed. OPG Trust has not yet been created.
>
> The operating asset appropriation will be for the Ministry that owns the new shares in OPG. Scott Nelms - assuming that will Energy. Can you confirm.
>
> The amount needs to be based on 50% of the expected deferral for the 2017-18 year. IESO may need to weigh in on that.
>
> Cindy
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> Original Message
> From: Ken Kandeepan
> Sent: Saturday, April 22, 2017 10:08 AM
> To: Graham, Helen (TBS)
> Cc: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Veinot, Cindy (TBS); Petsche, Nadine (TBS)
> Subject: Re: Equity Financing
>
>
> Hi Helen
>
> I suspect you are referring to the Affordability Trust that has already been set up by the Province but has nothing to to do with the OPG Trust that I mention in my email.
>
> You may want to touch base with Cindy for a few minutes next week and she should be able to clarify the differences between these two trusts for you.
>
> Thanks
>
> Ken k
>
>

>
>> On Apr 22, 2017, at 8:18 AM, Graham, Helen (TBS) <Helen.Graham@ontario.ca> wrote:
>>
>> Ken, we had understood 1.2 is possibly a go-forward number, but the correct amount for 17-18 should be prorated, as there will not be 12 months of activity. Is that correct?
>>
>> I thought the trust actually has already been created, but I could be wrong about that.
>>
>> Sent from my BlackBerry 10 smartphone on the Rogers network.
>> From: Ken Kandeepan
>> Sent: Saturday, April 22, 2017 12:08 AM
>> To: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS)
>> Cc: Graham, Helen (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Veinot, Cindy (TBS)
>> Subject: RE: Equity Financing
>>
>>
>> Hi All
>>
>> There seems to be considerable confusion on this issue and hopefully I can clear that up with this email.
>>
>>
>> * The Trust has nothing to do with the Province, it will be created by OPG and will be consolidated with OPG, not with the Province and is essentially not an issue with regard to the estimates process.
>>
>> * The objective of this estimates exercise is to allow the Province, or more specifically the Ministry of Energy to invest a certain amount of funds in OPG. In other words the Province's equity investment in OPG will increase.
>>
>> * The Province provides cash to OPG, reducing its cash assets and its Investment in OPG, an asset account will increase, in effect one asset is exchanged for another.
>>
>> * As such an operating asset needs to be set up hopefully in Energy's estimates that allows the Province to make the payment to OPG.
>>
>> * The amount will be around $1.2 billion, however, Scott should able to provide a more precise number.
>>
>>
>> Thanks and I am available for a discussion tomorrow, if anyone wishes further clarification, pls call me on my cell at 647-202-4373.
>>
>> Ken K
>>
>>
>>
>>
>> From: Fung, Felix (TBS) [mailto:Felix.Fung@ontario.ca]
>> Sent: Friday, April 21, 2017 8:30 PM
>> To: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Psinas, John (TBS) <John.Psinas@ontario.ca>
>> Cc: Helen Graham (MOF) <Helen.Graham@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; James Strang (MOF) <James.Strang@ontario.ca>; Sandy Luk (MOHLTC) <Sandy.Luk@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>
>> Subject: RE: Equity Financing
>>

>> Sorry, 1 more question on this that I hope MOF/ENE and the OFA can help me answer. Scott/Katilin, your finance corporate shop may be able to help with this question too.
>>
>> I believe the Trust will be held by OPG. Since this is case, then it wouldn't be an operating asset that we need to show in the Estimates (as the Estimates generally don't show assets of consolidated entities). Instead, we would need to show a payment from MOF or Energy to the trust, and then a reversing adjustment below the line (but all of this would be in expense, not assets)?. In other words, how does MOF/ENE propose this to be shown in Printed Estimates?
>>
>> Thanks - happy to chat further.
>>
>> Felix
>>
>>
>> From: Fung, Felix (TBS)
>> Sent: April-21-17 8:17 PM
>> To: Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kandeepan, Ken (OFA); Kim, John (OFA); Psinas, John (TBS)
>> Cc: Graham, Helen (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS)
>> Subject: RE: Equity Financing
>>
>> Hi everyone, further to James' email below, in order to have the possibility of including the operating asset in Printed Estimates (which is our preferred/recommended option), we need the following information from Energy/MOF by Monday:
>>
>> 1) the exact value of the operating asset that is required (note our comments below regarding any buffers that are to be added)
>> 2) confirmation of the location of where this operating asset will show up (Ministry, admin data info)
>> 3) a business case rationale explaining the purpose and why this is needed
>>
>> As per our conversation, we are currently in the midst of preparing for Printed Estimates - as such, we have an extremely short runway for this item to be included (we have until possibly Tuesday).
>>
>> Once we have the necessary information from you, we will then need to send it up to senior officials here, and also ensure that DMs of both Finance and Energy have an opportunity to review/sign off.
>>
>> Thanks - happy to chat further should you have any questions.
>>
>> Felix
>>
>>
>>
>> From: Strang, James (TBS)
>> Sent: April-20-17 4:36 PM
>> To: Kandeepan, Ken (OFA); Kim, John (OFA); Psinas, John (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF)
>> Cc: Graham, Helen (TBS); Fung, Felix (TBS); Hosick, Sarah (TBS)
>> Subject: FW: Equity Financing
>>
>> Hi, I've highlighted on page one of the attached note what I was referring during the teleconference around financing the trust (51%, 49%).
>>
>> Any buffer being added to the 49% needs to be explicitly identified in the Treasury Board submission - it is a decision point for TB to include a buffer. To what degree does the $2.5B have a buffer based on the level of precision in the estimate should also be covered.
>>
>> The TB submission needs to specify the rationale for the ask (explicitly identifying any buffer amounts being

added), and the requested minute.
>>
>> James
>>
>> From: Fung, Felix (TBS)
>> Sent: April 11, 2017 1:43 PM
>> To: Veinot, Cindy (TBS)
>> Cc: Hosick, Sarah (TBS); Graham, Helen (TBS); Strang, James (TBS)
>> Subject: FW: Equity Financing - Working Group Note
>>
>> FYI
>>
>> From: Strang, James (TBS)
>> Sent: April-11-17 11:58 AM
>> To: Graham, Helen (TBS)
>> Cc: Fung, Felix (TBS)
>> Subject: FW: Equity Financing - Working Group Note
>>
>> The OFA note we received.
>>
>> From: Fung, Felix (TBS)
>> Sent: April 4, 2017 10:47 AM
>> To: Strang, James (TBS)
>> Subject: FW: Equity Financing - Working Group Note
>>
>>
>>
>> From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
>> Sent: April-04-17 10:45 AM
>> To: Fung, Felix (TBS)
>> Cc: Bruno Amara; Adam Prokop
>> Subject: FW: Equity Financing - Working Group Note
>>
>> Hi Felix,
>>
>> Forwarding this to you as well. Please see attached.
>>
>> Regards,
>> Salman
>>
>>
>> From: Adam Prokop
>> Sent: Tuesday, April 04, 2017 10:38 AM
>> To: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Salman Qadir
<Salman.Qadir@ofina.on.ca<mailto:Salman.Qadir@ofina.on.ca>>; Shajee Kathirgamanathan
<Shajee.Kathirgamanathan@ofina.on.ca<mailto:Shajee.Kathirgamanathan@ofina.on.ca>>; Carlos Yep
<Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Mike Manning
<Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; John Kim
<John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; John Psinas
<John.Psinas@ofina.on.ca<mailto:John.Psinas@ofina.on.ca>>; 'Montgomery, Kaitlin (MOF)'
<Kaitlin.Montgomery@ontario.ca<mailto:Kaitlin.Montgomery@ontario.ca>>; Tobias P. Whitfield (MOF)
<Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Subject: Equity Financing - Working Group Note
>>
>> Greetings,
>>
>> Please review the attached equity injection note for internal review only. Please keep this within the

Ministry/OFA for now.
>>
>> Kind regards,
>>
>> Adam Prokop
>> Economic Specialist
>> Office: 416-315-6462
>> adam.prokop@ofina.on.ca<mailto:adam.prokop@ofina.on.ca>
>>
>>
>> _____
>>
>> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Nelms, Scott (MOF)
To:	Felix Fung (MOF); Pratima Gounden (ENERGY)
Cc:	Montgomery, Kaitlin (MOF); John Kim; Psinas, John (TBS); Hosick, Sarah (TBS); James Strang (MOF); Sandy Luk (MOHLTC); Indira Komal (MCSCS); Nadine Petsche (MOF); Bharat Patel (MOF); Helen Graham (MOF); Veinot, Cindy (TBS); Ken Kandeepan; Chris Skubel (MGS)
Subject:	RE: Equity Financing
Date:	Tuesday, April 25, 2017 3:47:11 PM

Hi Felix,

Quick update – we are working with Pratima on the note. We will have something to you by tomorrow at the latest.

Thanks for moving this forward so quickly,
Scott

From: Fung, Felix (TBS)
Sent: April 25, 2017 11:02 AM
To: Nelms, Scott (MOF); Gounden, Pratima (ENERGY)
Cc: Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS); Patel, Bharat (TBS); Graham, Helen (TBS); Veinot, Cindy (TBS); Kandeepan, Ken (OFA); Skubel, Chris (TBS)
Subject: RE: Equity Financing

Thanks Scott. This is helpful. We have reached out to Pratima Gounden in Energy's corporate shop on this. We understand that the Ministry will provide more information on this request as part of the May 9 TB/MBC submission - however, as discussed previously, in order for us to include this operating asset in Printed Estimates, we need written documentation - requesting operating asset asap. This could be in the form of a CAO memo from Rob to Karen Hughes requesting that this operating asset be included as part of Energy's Printed Estimates.

We need this memo asap (i.e., tomorrow at the latest so that it can be considered as part of Document Day), so that we can address the technical elements for Printed Estimates.

Please let us know if you have any questions.

Thanks,
Felix

From: Nelms, Scott (MOF)
Sent: April-24-17 1:23 PM
To: Veinot, Cindy (TBS); Kandeepan, Ken (OFA); Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS); Patel, Bharat (TBS)
Subject: RE: Equity Financing

Yes. We have linked in with Energy Corporate, so they are aware and working through the issue.

From: Veinot, Cindy (TBS)
Sent: April 24, 2017 1:00 PM
To: Nelms, Scott (MOF); Kandeepan, Ken (OFA); Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS); Patel, Bharat (TBS)
Subject: RE: Equity Financing

Thanks Scott – do you know if Energy has communicated with their controller's group re: Energy recording the investmen?

Cindy

From: Nelms, Scott (MOF)
Sent: April-24-17 12:44 PM
To: Veinot, Cindy (TBS); Kandeepan, Ken (OFA); Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS)
Subject: RE: Equity Financing

Hi,

Energy has agreed to record these additional purchases of OPG shares on its financials.

In terms of the appropriation for 2017-18, Energy proposes the following (subject to input from others):

- The total debt forecast for the year starting May 1 2017 ending April 30 2018 is $2.5B including interest. Taking one month off that to align with the province's fiscal year gives $2.3B; of which up to 49% is anticipated to be financed via equity injections. This results in an equity injection requirement of approximately $1.1B for this fiscal year.

- Proposed forecasting buffer:

    - OEB has only allocated 50% of the benefit until the legislation passes, which may reduce the requirement for May and June. However, given that we don't know with certainty how the OEB will reassess RPP, we propose to leave the appropriated equity amount at $1.1B.
    - OPG also plans to borrow a small percentage of the 49% from the market. This amount has not yet been finalized, but could represent up to 5% of the total financing requirement. Given this uncertainty, we would suggest maintaining the request for $1.1B.
    - Both of these elements also provide a buffer against other forecasting uncertainties.

We are working with ENE staff to develop a TB submission that will incorporate this request. In the meantime, we are happy to chat if you have questions.

Thanks,
Scott

-----Original Message-----
From: Veinot, Cindy (TBS)
Sent: April 22, 2017 10:48 AM
To: Kandeepan, Ken (OFA); Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Petsche, Nadine (TBS)
Subject: Re: Equity Financing

Agreed. OPG Trust has not yet been created.

The operating asset appropriation will be for the Ministry that owns the new shares in OPG. Scott Nelms - assuming that will Energy. Can you confirm.

The amount needs to be based on 50% of the expected deferral for the 2017-18 year. IESO may need to weigh in on that.

Cindy

Sent from my BlackBerry 10 smartphone on the Rogers network.
Original Message
From: Ken Kandeepan
Sent: Saturday, April 22, 2017 10:08 AM
To: Graham, Helen (TBS)
Cc: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Veinot, Cindy (TBS); Petsche, Nadine (TBS)
Subject: Re: Equity Financing

Hi Helen

I suspect you are referring to the Affordability Trust that has already been set up by the Province but has nothing to to do with the OPG Trust that I mention in my email.

You may want to touch base with Cindy for a few minutes next week and she should be able to clarify the differences between these two trusts for you.

Thanks

Ken k

> On Apr 22, 2017, at 8:18 AM, Graham, Helen (TBS) <Helen.Graham@ontario.ca> wrote:
>
> Ken, we had understood 1.2 is possibly a go-forward number, but the correct amount for 17-18 should be prorated, as there will not be 12 months of activity. Is that correct?
>
> I thought the trust actually has already been created, but I could be wrong about that.
>
> Sent from my BlackBerry 10 smartphone on the Rogers network.
> From: Ken Kandeepan
> Sent: Saturday, April 22, 2017 12:08 AM
> To: Fung, Felix (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kim, John (OFA); Psinas, John (TBS)
> Cc: Graham, Helen (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS); Veinot, Cindy (TBS)
> Subject: RE: Equity Financing
>
>
> Hi All
>
> There seems to be considerable confusion on this issue and hopefully I can clear that up with this email.
>
>
> · The Trust has nothing to do with the Province, it will be created by OPG and will be consolidated with OPG, not with the Province and is essentially not an issue with regard to the estimates process.
>
> · The objective of this estimates exercise is to allow the Province, or more specifically the Ministry of Energy to invest a certain amount of funds in OPG. In other words the Province's equity investment in OPG will increase.
>
> · The Province provides cash to OPG, reducing its cash assets and its Investment in OPG, an asset account will increase, in effect one asset is exchanged for another.
>
> · As such an operating asset needs to be set up hopefully in Energy's estimates that allows the Province to make the payment to OPG.
>
> · The amount will be around $1.2 billion, however, Scott should able to provide a more precise number.
>

>
> Thanks and I am available for a discussion tomorrow, if anyone wishes further clarification, pls call me on my cell at 647-202-4373.
>
> Ken K
>
>
>
>
> From: Fung, Felix (TBS) [mailto:Felix.Fung@ontario.ca]
> Sent: Friday, April 21, 2017 8:30 PM
> To: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Psinas, John (TBS) <John.Psinas@ontario.ca>
> Cc: Helen Graham (MOF) <Helen.Graham@ontario.ca>; Hosick, Sarah (TBS) <Sarah.Hosick@ontario.ca>; James Strang (MOF) <James.Strang@ontario.ca>; Sandy Luk (MOHLTC) <Sandy.Luk@ontario.ca>; Indira Komal (MCSCS) <Indira.Komal@ontario.ca>
> Subject: RE: Equity Financing
>
> Sorry, 1 more question on this that I hope MOF/ENE and the OFA can help me answer. Scott/Katilin, your finance corporate shop may be able to help with this question too.
>
> I believe the Trust will be held by OPG. Since this is case, then it wouldn't be an operating asset that we need to show in the Estimates (as the Estimates generally don't show assets of consolidated entities). Instead, we would need to show a payment from MOF or Energy to the trust, and then a reversing adjustment below the line (but all of this would be in expense, not assets)?. In other words, how does MOF/ENE propose this to be shown in Printed Estimates?
>
> Thanks - happy to chat further.
>
> Felix
>
>
> From: Fung, Felix (TBS)
> Sent: April-21-17 8:17 PM
> To: Nelms, Scott (MOF); Montgomery, Kaitlin (MOF); Kandeepan, Ken (OFA); Kim, John (OFA); Psinas, John (TBS)
> Cc: Graham, Helen (TBS); Hosick, Sarah (TBS); Strang, James (TBS); Luk, Sandy (TBS); Komal, Indira (TBS)
> Subject: RE: Equity Financing
>
> Hi everyone, further to James' email below, in order to have the possibility of including the operating asset in Printed Estimates (which is our preferred/recommended option), we need the following information from Energy/MOF by Monday:
>

> 1) the exact value of the operating asset that is required (note our comments below regarding any buffers that are to be added)
> 2) confirmation of the location of where this operating asset will show up (Ministry, admin data info)
> 3) a business case rationale explaining the purpose and why this is needed
>
> As per our conversation, we are currently in the midst of preparing for Printed Estimates - as such, we have an extremely short runway for this item to be included (we have until possibly Tuesday).
>
> Once we have the necessary information from you, we will then need to send it up to senior officials here, and also ensure that DMs of both Finance and Energy have an opportunity to review/sign off.
>
> Thanks - happy to chat further should you have any questions.
>
> Felix
>
>
>
> From: Strang, James (TBS)
> Sent: April-20-17 4:36 PM
> To: Kandeepan, Ken (OFA); Kim, John (OFA); Psinas, John (TBS); Nelms, Scott (MOF); Montgomery, Kaitlin (MOF)
> Cc: Graham, Helen (TBS); Fung, Felix (TBS); Hosick, Sarah (TBS)
> Subject: FW: Equity Financing
>
> Hi, I've highlighted on page one of the attached note what I was referring during the teleconference around financing the trust (51%, 49%).
>
> Any buffer being added to the 49% needs to be explicitly identified in the Treasury Board submission – it is a decision point for TB to include a buffer. To what degree does the $2.5B have a buffer based on the level of precision in the estimate should also be covered.
>
> The TB submission needs to specify the rationale for the ask (explicitly identifying any buffer amounts being added), and the requested minute.
>
> James
>
> From: Fung, Felix (TBS)
> Sent: April 11, 2017 1:43 PM
> To: Veinot, Cindy (TBS)
> Cc: Hosick, Sarah (TBS); Graham, Helen (TBS); Strang, James (TBS)
> Subject: FW: Equity Financing - Working Group Note
>
> FYI

>
> From: Strang, James (TBS)
> Sent: April-11-17 11:58 AM
> To: Graham, Helen (TBS)
> Cc: Fung, Felix (TBS)
> Subject: FW: Equity Financing - Working Group Note
>
> The OFA note we received.
>
> From: Fung, Felix (TBS)
> Sent: April 4, 2017 10:47 AM
> To: Strang, James (TBS)
> Subject: FW: Equity Financing - Working Group Note
>
>
>
> From: Salman Qadir [mailto:Salman.Qadir@ofina.on.ca]
> Sent: April-04-17 10:45 AM
> To: Fung, Felix (TBS)
> Cc: Bruno Amara; Adam Prokop
> Subject: FW: Equity Financing - Working Group Note
>
> Hi Felix,
>
> Forwarding this to you as well. Please see attached.
>
> Regards,
> Salman
>
>
> From: Adam Prokop
> Sent: Tuesday, April 04, 2017 10:38 AM
> To: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Salman Qadir <Salman.Qadir@ofina.on.ca<mailto:Salman.Qadir@ofina.on.ca>>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca<mailto:Shajee.Kathirgamanathan@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; John Psinas <John.Psinas@ofina.on.ca<mailto:John.Psinas@ofina.on.ca>>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca<mailto:Kaitlin.Montgomery@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
> Subject: Equity Financing - Working Group Note
>
> Greetings,
>

> Please review the attached equity injection note for internal review only. Please keep this within the Ministry/OFA for now.
>
> Kind regards,
>
> Adam Prokop
> Economic Specialist
> Office: 416-315-6462
> adam.prokop@ofina.on.ca<mailto:adam.prokop@ofina.on.ca>
>
>
> _____
>
> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Shajee Kathirgamanathan
Cc:	Bruno Amara; Gavin He
Subject:	RE: Equity Injection Determination v6.pptx
Date:	Wednesday, November 15, 2017 1:38:24 PM

Yes, but was thinking the clean version was a bit too thin. So to give people a sense of when the inflection points come, etc.

From: Shajee Kathirgamanathan
Sent: Wednesday, November 15, 2017 1:32 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Equity Injection Determination v6.pptx

Hi John,

Are you referring to Ron's comments specifically? There was a clean version, attached that may have the issues addressed.

Thanks
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: John Kim
Sent: Wednesday, November 15, 2017 12:52 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Equity Injection Determination v6.pptx

Hi Shajee,

Could you clean this version up a bit? Namely, I want to leave in all the slides but maybe, for example, slide 4, delete the pcart beyond the inflection point.

S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Funding the FHP - GA Financing Analysis

Thanks,

John

From:	John Kim
To:	Bruno Amara
Cc:	Salman Qadir
Subject:	RE: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 2:55:25 PM

Sure, np. No rush.

From: Bruno Amara
Sent: Tuesday, May 30, 2017 2:35 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi John

I spoke to Carlos. He expects to be able to get comments to us tomorrow morning. I think that should be OK as Kaitlin is back in the office tomorrow.

Bruno

From: Bruno Amara
Sent: Tuesday, May 30, 2017 1:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi Carlos

CEFD has mode some edits/comments on the attached from Kaitlin. Do you want to review and add your edits and comments to this version? If so, we can send on doc. Back to Kaitlin with our feedback. Let me know.

Thanks
Bruno

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

From:	Ronald Kwan
To:	John Kim
Cc:	Bruno Amara
Subject:	RE: Equity Injection Term Sheet
Date:	Monday, May 29, 2017 5:47:10 PM
Attachments:	Term Sheet_Master Subscription_draftMay26_Markup.docx

Hi John,

Has OPG "agreed" that the Trust would purchase the asset monthly? Earlier discussions had contemplated the Trust not going to market every month but perhaps, e.g., quarterly. Would the Trust get interim financing and purchase the asset monthly regardless?

Ron

From: John Kim
Sent: May-29-17 14:04
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Fyi.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

Formatted: Indent: Left: 0.5", No bullets or numbering

Commented [RK1]: Will the Trust be purchasing the IESO regulatory asset monthly, such that the sub-debt is issued monthly and OPG earns a return to help offset the Province's borrowing costs?

What if the Trust does not purchase monthly, but, e.g., quarterly – shouldn't the wording of the term sheet contemplate/encompass this?

Isn't it a problem if the asset is purchased less than monthly, such that the Trust does not issue debt or sub-debt, so there is no sub-debt interest to offset the Province's borrowing cost?

Commented [RK2]: Is this expected to be a fixed amount, as at the initial 1999 book value, and now and over the injection and redemption periods of the FHP?

What are the kinds of events that could change the book value? Risk / likelihood?

Or, is the book value of common shares the equity at the moment in time divided by the number of shares – more a fair value?

Commented [RK3]: Could it be zero?

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA~~/Province~~ to OPG

(ii) funds transfer from OFA to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Commented [KC4]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

From: Bruno Amara
To: John Kim
Cc: Salman Qadir
Subject: RE: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 2:35:19 PM

Hi John

I spoke to Carlos. He expects to be able to get comments to us tomorrow morning. I think that should be OK as Kaitlin is back in the office tomorrow.

Bruno

From: Bruno Amara
Sent: Tuesday, May 30, 2017 1:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi Carlos

CEFD has mode some edits/comments on the attached from Kaitlin. Do you want to review and add your edits and comments to this version? If so, we can send on doc. Back to Kaitlin with our feedback. Let me know.

Thanks
Bruno

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

From: Bruno Amara
To: Carlos Yep
Cc: John Kim; Salman Qadir
Subject: RE: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 1:19:41 PM
Attachments: Term Sheet_Master Subscription_draftMay26_Markup3.docx

---

Hi Carlos

CEFD has mode some edits/comments on the attached from Kaitlin. Do you want to review and add your edits and comments to this version? If so, we can send on doc. Back to Kaitlin with our feedback. Let me know.

Thanks
Bruno

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, i.e., annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi-year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – i.e., existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, i.e., the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

Commented [BA1]: Question about wording on this point. Is appropriation request not just for one year with multi-year projections included for fiscal planning purposes?

Formatted: Indent: Left: 0.5", No bullets or numbering

Commented [SQ22]: As MOF legal pointed out, this will need to be clarified as its not clear whether MOE can delegate to OFA since it is not its agency.

As in past scenarios, OFA would do the "back office" transactions-related work, but direction would come from someone at Energy subject to an MOU being established re: services being rendered.

Commented [RK3]: Will the Trust be purchasing the IESO regulatory asset monthly, such that the sub-debt is issued monthly and OPG earns a return to help offset the Province's borrowing costs?

What if the Trust does not purchase monthly, but, e.g., quarterly – shouldn't the wording of the term sheet contemplate/encompass this?

Isn't it a problem if the asset is purchased less than monthly, such that the Trust does not issue debt or sub-debt, so there is no sub-debt interest to offset the Province's borrowing cost?

Commented [RK4]: Is this expected to be a fixed amount, as at the initial 1999 book value, and now and over the injection and redemption periods of the FHP?

What are the kinds of events that could change the book value? Risk / likelihood?

Or, is the book value of common shares the equity at the moment in time divided by the number of shares – more a fair value?

Commented [JK5R4]: There have been earlier discussions but would like to get clarity from OPG on the book value and if not the original book value how it would be computed.

Commented [SQ26]: This seems to imply that there will be no rate of return for the Province's equity injection, and so Province will eat the IOD cost – is this correct and confirmed now?

Commented [RK7]: Could it be zero?

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA~~/Province~~ to OPG

(ii) funds transfer from OFA to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Commented [KC8]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

From: Bruno Amara
To: John Kim; Salman Qadir
Subject: RE: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 1:15:25 PM

Ok, I'll send

From: John Kim
Sent: Tuesday, May 30, 2017 1:13 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Could we circle back with Carlos to see if any comments? Maybe to coordinate??

From: Bruno Amara
Sent: Tuesday, May 30, 2017 1:12 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Salman

I think your comments are fine.

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:49 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi,

I added some comments for consideration. Happy to remove though.

Thanks,
Salman

From: Bruno Amara
Sent: Tuesday, May 30, 2017 11:00 AM
To: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Minor edts, but also see my comment on 5th bullet

From: John Kim
Sent: Tuesday, May 30, 2017 9:43 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Any comments…..before sharing with Carlos?

From: Ronald Kwan
Sent: Monday, May 29, 2017 5:47 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi John,

Has OPG "agreed" that the Trust would purchase the asset monthly? Earlier discussions had contemplated the Trust not going to market every month but perhaps, e.g., quarterly. Would the Trust get interim financing and purchase the asset monthly regardless?

Ron

From: John Kim
Sent: May-29-17 14:04
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Fyi.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the

OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

From:	Bruno Amara
To:	Salman Qadir
Cc:	John Kim
Subject:	RE: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 1:11:49 PM

Salman

I think your comments are fine.

From: Salman Qadir
Sent: Tuesday, May 30, 2017 12:49 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi,

I added some comments for consideration. Happy to remove though.

Thanks,
Salman

From: Bruno Amara
Sent: Tuesday, May 30, 2017 11:00 AM
To: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Minor edts, but also see my comment on 5th bullet

From: John Kim
Sent: Tuesday, May 30, 2017 9:43 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Any comments…..before sharing with Carlos?

From: Ronald Kwan
Sent: Monday, May 29, 2017 5:47 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: Equity Injection Term Sheet

Hi John,

Has OPG "agreed" that the Trust would purchase the asset monthly? Earlier discussions had contemplated the Trust not going to market every month but perhaps, e.g., quarterly. Would the Trust get interim financing and purchase the asset monthly regardless?

Ron

From: John Kim
Sent: May-29-17 14:04
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Fyi.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

From:	Salman Qadir
To:	Bruno Amara; John Kim
Subject:	RE: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 12:48:32 PM
Attachments:	Term Sheet_Master Subscription_draftMay26_Markup3.docx

Hi,

I added some comments for consideration. Happy to remove though.

Thanks,
Salman

From: Bruno Amara
Sent: Tuesday, May 30, 2017 11:00 AM
To: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Minor edts, but also see my comment on 5th bullet

From: John Kim
Sent: Tuesday, May 30, 2017 9:43 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Any comments…..before sharing with Carlos?

From: Ronald Kwan
Sent: Monday, May 29, 2017 5:47 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi John,

Has OPG "agreed" that the Trust would purchase the asset monthly? Earlier discussions had contemplated the Trust not going to market every month but perhaps, e.g., quarterly. Would the Trust get interim financing and purchase the asset monthly regardless?

Ron

From: John Kim
Sent: May-29-17 14:04
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Fyi.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, i.e., annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi-year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – i.e., existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, i.e., the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

Commented [BA1]: Just wondering about wording on this point. Is appropriation request not just for one year with multi-year projections included for fiscal planning purposes?

Formatted: Indent: Left: 0.5", No bullets or numbering

Commented [SQ22]: As MOF legal pointed out, this will need to be clarified as its not clear whether MOE can delegate to OFA since it is not its agency.

As in past scenarios, OFA would do the "back office" transactions-related work, but direction would come from someone at Energy subject to an MOU being established re: services being rendered.

Commented [RK3]: Will the Trust be purchasing the IESO regulatory asset monthly, such that the sub-debt is issued monthly and OPG earns a return to help offset the Province's borrowing costs?

What if the Trust does not purchase monthly, but, e.g., quarterly – shouldn't the wording of the term sheet contemplate/encompass this?

Isn't it a problem if the asset is purchased less than monthly, such that the Trust does not issue debt or sub-debt, so there is no sub-debt interest to offset the Province's borrowing cost?

Commented [RK4]: Is this expected to be a fixed amount, as at the initial 1999 book value, and now and over the injection and redemption periods of the FHP?

What are the kinds of events that could change the book value? Risk / likelihood?

Or, is the book value of common shares the equity at the moment in time divided by the number of shares – more a fair value?

Commented [JK5R4]: There have been earlier discussions but would like to get clarity from OPG on the book value and if not the original book value how it would be computed.

Commented [SQ26]: This seems to imply that there will be no rate of return for the Province's equity injection, and so Province will eat the IOD cost – is this correct and confirmed now?

Commented [RK7]: Could it be zero?

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA~~/Province~~ to OPG

(ii) funds transfer from OFA to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Commented [KC8]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

From:	Bruno Amara
To:	John Kim; Salman Qadir
Subject:	RE: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 11:00:26 AM
Attachments:	Term Sheet_Master Subscription_draftMay26_Markup2.docx

Minor edts, but also see my comment on 5th bullet

From: John Kim
Sent: Tuesday, May 30, 2017 9:43 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Any comments…..before sharing with Carlos?

From: Ronald Kwan
Sent: Monday, May 29, 2017 5:47 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi John,

Has OPG "agreed" that the Trust would purchase the asset monthly? Earlier discussions had contemplated the Trust not going to market every month but perhaps, e.g., quarterly. Would the Trust get interim financing and purchase the asset monthly regardless?

Ron

From: John Kim
Sent: May-29-17 14:04
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Fyi.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, i.e., annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi-year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – i.e., existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, i.e., the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

Commented [BA1]: Just wondering about wording on this point. Is appropriation request not just for one year with multi-year projections included for fiscal planning purposes?

Formatted: Indent: Left: 0.5", No bullets or numbering

Commented [RK2]: Will the Trust be purchasing the IESO regulatory asset monthly, such that the sub-debt is issued monthly and OPG earns a return to help offset the Province's borrowing costs?

What if the Trust does not purchase monthly, but, e.g., quarterly – shouldn't the wording of the term sheet contemplate/encompass this?

Isn't it a problem if the asset is purchased less than monthly, such that the Trust does not issue debt or sub-debt, so there is no sub-debt interest to offset the Province's borrowing cost?

Commented [RK3]: Is this expected to be a fixed amount, as at the initial 1999 book value, and now and over the injection and redemption periods of the FHP?

What are the kinds of events that could change the book value? Risk / likelihood?

Or, is the book value of common shares the equity at the moment in time divided by the number of shares – more a fair value?

Commented [JK4R3]: There have been earlier discussions but would like to get clarity from OPG on the book value and if not the original book value how it would be computed.

Commented [RK5]: Could it be zero?

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA~~/Province~~ to OPG

(ii) funds transfer from OFA to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Commented [KC6]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute?

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Cc:	Thomas Leung (MEDTE/MRI); Carlos Yep; Bruno Amara
Subject:	RE: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 9:55:29 AM

Hi Kaitlin,

We have a few questions but the main one for now is the way the document worded the monthly purchase by OPG. Is OPG agreeable to purchasing assets each month? Are they putting in place interim financing to do so monthly?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

From:	John Kim
To:	Ronald Kwan
Cc:	Bruno Amara
Subject:	RE: Equity Injection Term Sheet
Date:	Tuesday, May 30, 2017 8:22:31 AM

H Ron,

I don't believe OPG agreed to do so but this, I believe, is just an early draft looking for comments from our side.

John

From: Ronald Kwan
Sent: Monday, May 29, 2017 5:47 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi John,

Has OPG "agreed" that the Trust would purchase the asset monthly? Earlier discussions had contemplated the Trust not going to market every month but perhaps, e.g., quarterly. Would the Trust get interim financing and purchase the asset monthly regardless?

Ron

From: John Kim
Sent: May-29-17 14:04
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Equity Injection Term Sheet

Fyi.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business

days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

From:	Carlos Yep
To:	Bruno Amara
Cc:	John Kim; Salman Qadir
Subject:	RE: Equity Injection Term Sheet
Date:	Wednesday, May 31, 2017 10:13:15 AM
Attachments:	Term Sheet_Master Subscription_draftMay26_Markup4cy.docx

Bruno
Here are some initial comments from Ken and I. Will probably have more later
Regards
Carlos

From: Bruno Amara
Sent: Tuesday, May 30, 2017 1:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi Carlos

CEFD has mode some edits/comments on the attached from Kaitlin. Do you want to review and add your edits and comments to this version? If so, we can send on doc. Back to Kaitlin with our feedback. Let me know.

Thanks
Bruno

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, i.e., annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek an asset appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi-year forecasts
- The Ministry of Energy will delegate authority to the Ontario Financing Authority to manage the monthly settlement process
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – i.e., existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, i.e., the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,
(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

Commented [KK1]: Its important to note that the appropriation is not an expense item, rather seeks to set up an asset.

Commented [BA2]: Question about wording on this point. Is appropriation request not just for one year with multi-year projections included for fiscal planning purposes?

Formatted: Indent: Left: 0.5", No bullets or numbering

Commented [CY3]: May need a service level agreement between Ministry of Energy and OFA

Formatted: Highlight

Commented [SQ24]: As MOF legal pointed out, this will need to be clarified as its not clear whether MOE can delegate to OFA since it is not its agency.

As in past scenarios, OFA would do the "back office" transactions-related work, but direction would come from someone at Energy subject to an MOU being established re: services being rendered.

Commented [KK5]: Are the Class A shares the same class as the current shares? I was under the impression that the shares issued under Equity Injection while still common shares will be designated differently in order to facilitate tracking.

Commented [CY6]: New class of shares will make it easier to track the outflows in the first 10 years and the repayments starting in year 11-40

Commented [RK7]: Will the Trust be purchasing the IESO regulatory asset monthly, such that the sub-debt is issued monthly and OPG earns a return to help offset the Province's borrowing costs?

What if the Trust does not purchase monthly, but, e.g., quarterly – shouldn't the wording of the term sheet contemplate/encompass this?

Isn't it a problem if the asset is purchased less than monthly, such that the Trust does not issue debt or sub-debt, so there is no sub-debt interest to offset the Province's borrowing cost?

Commented [RK8]: Is this expected to be a fixed amount, as at the initial 1999 book value, and now and over the injection and redemption periods of the FHP?

What are the kinds of events that could change the book value? Risk / likelihood?

...

Commented [JK9R8]: There have been earlier discussions but would like to get clarity from OPG on the book value and if not the original book value how it would be computed.

Commented [KK10]: How is this right to redeem formalized? TDS has indicated that the inclusion of any option to allow redemption moves the shares closer to the definition of debt.

Commented [SQ211]: This seems to imply that there will be no rate of return for the Province's equity injection, and so Province will eat the IOD cost – is this correct and confirmed now?

Commented [KK12]: How about dividends to the Province to ensure that it is whole on a cash as well as fiscal basis

Commented [RK13]: Could it be zero?

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA and ENE to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:

(i) completed/signed share subscription form from OFA and ENE/~~Province~~ to OPG

(ii) funds transfer from ~~OFA~~ Province to OPG account)

(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to both OFA and ENE

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
      ~~[describe annual process]~~Ministry of Energy will seek appropriation through PRRT process, including 3-year estimates that OPG provides through its business plan submission

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

Commented [CY14]: For the loans from OEFC to OPG, Mike Manning signs and we have a system that tracks bond/loan tickets.

The Equity injections are different than a loan and will require an accounting journal entry by Ken Kandeepan's group.

Commented [KC15]: OFA: any details we can add based on your experience on the loan side? Who signs off at the OFA? Should we just make it the same process and delegate authority from ENE so OfA can execute? My suggestion is that the details be part of an MOU or Services Agreement between the OFA and Energy

Formatted: Highlight

Formatted: Not Highlight

Formatted: Highlight

Formatted: Strikethrough

Formatted: Highlight

Commented [CY16]: the Province is providing the funds

From: Gavin He
To: John Kim
Cc: Shajee Kathirgamanathan
Subject: RE: Fair Hydro - April equity injection
Date: Wednesday, April 11, 2018 2:40:20 PM

Hi John,

Thanks! I will give a heads-up to Settlements.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, April 11, 2018 2:23 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Fwd: Fair Hydro - April equity injection

Sent from my iPhone

Begin forwarded message:

> **From:** "Young, Graham (ENERGY)" <Graham.Young@ontario.ca>
> **Date:** April 11, 2018 at 1:06:55 PM EDT
> **To:** "Kandeepan, Ken (OFA)" <Ken.Kandeepan@ofina.on.ca>, "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Cc:** "Talwar, Shruti (ENERGY)" <Shruti.Talwar@ontario.ca>
> **Subject: FW: Fair Hydro - April equity injection**
>
> Ken/John,
>
> OPG will be requesting the next equity injection soon, likely before the end of the week The amount will be $65,560,000 and be needed by April 20th.
>
> We will share the signed share subscription notice once we receive it and complete our review.
>
> Thank you,
> Graham
>
> ---
>
> **From:** GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
> **Sent:** April 11, 2018 11:09 AM
> **To:** Talwar, Shruti (ENERGY)

Cc: LADAK Lubna -TREASURY
Subject: Fair Hydro - April equity injection

Good morning Shruti,
We will be completing another investment purchase with the IESO on April 20 for a purchase price of $149M. The corresponding required equity injection will be $65,560,000 and we will be sending along the subscription materials shortly.

Regards,
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Talwar, Shruti (ENERGY)
To:	GRECO Clara -LAWDIV
Cc:	LADAK Lubna -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; GO Matthew -TREASURY; LEE John -TREASURY; KING Catriona -OFFCORPSEC; John Kim
Subject:	RE: Fair Hydro - March 22 equity injection
Date:	Monday, March 19, 2018 2:48:43 PM

Hi Clara,

I'm confirming that we got the necessary approvals on our end and made the request to the OFA on Friday, March 16.
We understand from the OFA that the funds are queued up to close on the 22.

Let me know if you have any questions.
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Talwar, Shruti (ENERGY)
Sent: March 14, 2018 2:40 PM
To: GRECO Clara -LAWDIV
Cc: LADAK Lubna -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; GO Matthew -TREASURY; LEE John -TREASURY; KING Catriona -OFFCORPSEC
Subject: RE: Fair Hydro - March 22 equity injection

thanks, Clara. Confirming receipt and we will get the review/approvals started on our end.

Shruti

From: GRECO Clara -LAWDIV [clara.greco@opg.com]
Sent: March 14, 2018 2:38 PM
To: Talwar, Shruti (ENERGY)
Cc: LADAK Lubna -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; GO Matthew -TREASURY; LEE John -TREASURY; KING Catriona -OFFCORPSEC
Subject: FW: Fair Hydro - March 22 equity injection

Hi Shruti,
Pursuant to section 2.2 of the Master Share Subscription Agreement (MSSA) made between OPG and the Minister of Energy Nov 22, 2017 I attach the following documents with respect to the planned equity injection for our March 22, 2018 asset purchase from the IESO:

Share Subscription Notice

Exh B, ie IESO Transfer Notice and Attachment A calculation of equity amount
Quarterly Share price calculation

As you know, per the MSSA, the Province is required to deliver the executed share subscription and wire transfer the equity funds to OPG within 5 business days of receipt of these documents.

I would appreciate confirmation of receipt of this email in accordance with the MSSA notice requirements by return email to myself and the cc list.

If you have any questions please do not hesitate to contact me.

Regards,
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Gavin He
To: John Kim
Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date: Friday, November 24, 2017 2:34:33 PM

Hi John,

I have reviewed the MSA and I don't have any comments on this. The information provided in the MSA is consistent with the information in the MOU, regarding to the equity injection payment process. It mentions that OPG will require the payment within 5 business days after the notice. This was not updated in the MOU but I will update that once Energy provided us with their revisions.

Also, Ken R. reviewed and said that the interest of the OFA is only in the payment provisions. He noted that the timeline for making the subscriptions is consistent either the timeline in the MOU and the wire transfer instructions are also consistent.

I can share this with FTD and CMD too. Although this has been executed, I can send them a copy as FYI. Also, I didn't hear anything back from Energy whether they have consulted with OPCD on this.

Would you like me to get back to Ron?

Thanks,
Gavin He

-----Original Message-----
From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 22, 2017 6:28 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

From:	Gavin He
To:	"Talwar, Shruti (ENERGY)"
Cc:	Sud, Manu (ENERGY); Graham Young (MOI); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Pratima Gounden (ENERGY); John Kim; Kenneth Russell
Subject:	RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date:	Thursday, November 23, 2017 1:43:28 PM

Hi Shruti,

Thanks for sharing this with us. We are reviewing this now. Also, just wanted to check in with you to see if OPCD has reviewed this draft as well? Specifically, section 2.3 (ii), is OPCD okay with it?

Thanks,
Gavin He

-----Original Message-----
From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 22, 2017 6:28 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

From: Gavin He
To: John Kim
Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date: Thursday, November 23, 2017 8:47:09 AM

Hi John,

Yes, will do.

Regards,
Gavin He

From: John Kim
Sent: Thursday, November 23, 2017 8:46 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)

Ok, check with Ken R. if this stuff concerns the OFA, including us. Let me know what you think too as we are not a party to it.

Sent from my iPad

On Nov 23, 2017, at 8:42 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi John,
>
> I am thinking FTD and CMD?
>
> Regards,
> Gavin He
>
> -----Original Message-----
> From: John Kim
> Sent: Thursday, November 23, 2017 8:29 AM
> To: Gavin He <Gavin.He@ofina.on.ca>
> Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
>
> But let's give it some thought about who needs to be kept in the loop first.
>
> -----Original Message-----
> From: John Kim
> Sent: Thursday, November 23, 2017 7:32 AM
> To: Gavin He <Gavin.He@ofina.on.ca>
> Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)

Hi Gavin,

Could you review and also make sure all the areas in the OFA that need to see this are looped in?

Any concern?

Thanks,

John

-----Original Message-----
From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 22, 2017 6:28 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

From: Gavin He
To: John Kim
Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date: Thursday, November 23, 2017 8:42:35 AM

Hi John,

I am thinking FTD and CMD?

Regards,
Gavin He

-----Original Message-----
From: John Kim
Sent: Thursday, November 23, 2017 8:29 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)

But let's give it some thought about who needs to be kept in the loop first.

-----Original Message-----
From: John Kim
Sent: Thursday, November 23, 2017 7:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)

Hi Gavin,

Could you review and also make sure all the areas in the OFA that need to see this are looped in?

Any concern?

Thanks,

John

-----Original Message-----
From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 22, 2017 6:28 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

From:	John Kim
To:	Gavin He
Subject:	RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date:	Thursday, November 23, 2017 8:29:14 AM

But let's give it some thought about who needs to be kept in the loop first.

-----Original Message-----
From: John Kim
Sent: Thursday, November 23, 2017 7:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)

Hi Gavin,

Could you review and also make sure all the areas in the OFA that need to see this are looped in?

Any concern?

Thanks,

John

-----Original Message-----
From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 22, 2017 6:28 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

From: John Kim
To: Gavin He
Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date: Thursday, November 23, 2017 7:31:49 AM

Hi Gavin,

Could you review and also make sure all the areas in the OFA that need to see this are looped in?

Any concern?

Thanks,

John

-----Original Message-----
From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 22, 2017 6:28 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date: Friday, November 24, 2017 3:46:06 PM

Hi Ron,

We went through the MSA and we don't have any comments on that. The information provided in the MSA is consistent with the information in the MOU, regarding the equity injection payment process. It mentions that OPG will require the payment within 5 business days after the notice. This was not updated in the MOU but I will update that once Energy sent us an updated version with their edits.

Ken R. also reviewed and said that the interest of the OFA is only in the payment provisions. He noted that the timeline for making the subscriptions is consistent with his understanding and the wire transfer instructions are also consistent. I have shared a copy with FTD and CMD but haven't heard anything back from them.

Also, I went back to Energy on whether they have shared the agreement with OPCD, and specifically section 2.3 (ii). I haven't heard back from them either. I understand that this agreement has already been executed, but I can follow up with them on that again on Monday.

Please let us know if you have any other questions.

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 1:26 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)

Hi John,

Any issues?

And is OPCD okay with it, and 2.3(ii) in particular.

Ron

On Nov 23, 2017, at 7:38 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Fyi, we will take a look this morning.

John

-----Original Message-----
From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 22, 2017 6:28 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

<Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_clean.docx>

<Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_OPG.docx>

From:	John Kim
To:	Ronald Kwan
Subject:	RE: Fair Hydro Business Issues
Date:	Wednesday, June 28, 2017 2:36:14 PM

Sure, I can go.

From: Ronald Kwan
Sent: Wednesday, June 28, 2017 2:35 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Fair Hydro Business Issues

Hi John,

Are you able to attend? I wouldn`t want to make it too big, as it's a small room.

Ron

-----Original Appointment-----
From: Hresa Gavaris
Sent: June-26-17 10:47
To: Hresa Gavaris; Gadi Mayman; Ronald Kwan; Ken Kandeepan; James Devine; Carlos Yep; Anna Strathy; Scott Nelms (ENERGY); Gavin He
Cc: Anis Hirani
Subject: Fair Hydro Business Issues
When: June-28-17 15:00-15:30 (UTC-05:00) Eastern Time (US & Canada).
Where: Capital Markets Boardroom, 14th Floor, 1 Dundas St W

From: Shajee Kathirgamanathan
To: John Kim; Gavin He
Subject: RE: Fair Hydro Plan MOU
Date: Thursday, July 20, 2017 4:24:53 PM

Sounds good. Note we're in interviews from 10-12. Let's chat before then.

-----Original Message-----
From: John Kim
Sent: Thursday, July 20, 2017 2:51 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Fair Hydro Plan MOU

Fyi, this is what I was getting at earlier. Ken R came to me with some Qs. I need to talk some strategies with you guys tomorrow AM on this.

-----Original Message-----
From: John Kim
Sent: July-20-17 2:49 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: Fair Hydro Plan MOU

You actually raised a good point Ken. I was thinking of just doing the OREC MOU and then doing the GA MOU/SLA separately but I think the idea of having one SLA/MOU makes sense.

There are aspects to the OREC MOU we want to maintain, sharing of data, etc. so let me give it some thought. Maybe we can touch base tomorrow or Monday

John

-----Original Message-----
From: Kenneth Russell
Sent: July-20-17 2:47 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: Fair Hydro Plan MOU

John

O.K. So since we already have the OREC MOU and are working on the GA deferral MOU there is no further agreement we need to work on. Is that right.

Ken

Sent from my iPhone

> On Jul 20, 2017, at 1:35 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> Under the FHP, there would be the GA deferral one and the OREC one that we are already facilitating.
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: July-20-17 1:01 PM
> To: John Kim <John.Kim@ofina.on.ca>
> Subject: Re: Fair Hydro Plan MOU
>

> John
>
> The MOU we are working on deals with payments from MoE to OPG.
>
> My question is are there any other payments from MoE directly to the IESO that need to be addressed?
>
> Ken
>
> Sent from my iPhone
>
>> On Jul 20, 2017, at 12:37 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>>
>> Ok, thanks.....I don't believe Energy has a means to pay in the required timeline.
>>
>> John
>>
>> -----Original Message-----
>> From: Kenneth Russell
>> Sent: July-20-17 12:31 PM
>> To: John Kim <John.Kim@ofina.on.ca>
>> Subject: Fair Hydro Plan MOU
>>
>> John
>>
>> Gavin He has just provided to me a markup from MoE of the OREC MOU to include Fair Hydro Plan payments. I have advised him that the current plan is to have a separate MOU for the Fair Hydro Plan.
>>
>> One thing I note in the draft I received is that it contemplates payments directly from MoE to the IESO. Can you confirm to me that there are no such payments contemplated under the Fair Hydro Plan.
>>
>> Ken
>>
>> Sent from my iPhone

From: John Kim
To: Ronald Kwan
Subject: RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date: Thursday, November 30, 2017 12:55:04 PM

Hi Ron,

FYI, Carlos asked me who would be appropriate at Energy and I forwarded it to her.

John

-----Original Message-----
From: Carlos Yep
Sent: Thursday, November 30, 2017 12:44 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Malle,
Last nite, We received the draft Interest Protocol Agreement draft dated Nov29 . This morning the document was forwarded to Shruti Talwar in Energy.

Yes, I have been involved in the spread discussion for the sub/junior-sub debt based in the memo draft of nov21 and one earlier version from Nov7.

If you have any questions, please call x58121 and we can discuss

Regards
Carlos

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, November 30, 2017 12:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fw: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi

We have not been involved in this to date. Sending it along as it looks like the OFA has had some involvement

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Sent: Thursday, November 30, 2017 12:16
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Carlos Yep
To:	"LIU Sheen -TREASURY"
Cc:	Ken Kandeepan; Mike Manning; James Devine
Subject:	RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date:	Wednesday, November 15, 2017 3:44:10 PM

Hi Sheen
There are 2 main simplifying comments that start by eliminating the need for the full pricing grid solely based on credit rating from BBB to AAA.

1)For the short term funding, it would be more efficient to use one single spread rather than multiple spreads for subordinated and junior subordinated.

2)For long term funding, there are no comparable issuers of subordinated & junior subordinated debt issues. Dealers can provide estimates for the subordinated and junior subordinated spreads for each tenor based on the specific characteristics of the Financing Trust.

Please call if you have any questions or would like to discuss further.

Regards
Carlos

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Tuesday, November 07, 2017 1:23 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: PRESTON Stuart -TREASURY <stuart.preston@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>
Subject: Fair Hydro Plan Protocol Agreement

Ken,

As you're aware we are currently working on drafting the Protocol Agreement re Sub Debt under the Fair Hydro Plan. Attached for you review please find the key terms re the Agreement, including procedure for advance, as well as price setting, etc. Please let us know if you have any comments/thoughts.

Please be advised that FHP financing will include both a short term warehouse facility (ABCP conduit) and term debt.

Thanks

Sheen

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Gavin He
To: John Kim
Cc: Shajee Kathirgamanathan
Subject: RE: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt
Date: Thursday, November 30, 2017 1:38:12 PM

Hi John,

Yes, I am currently reviewing them. I saved them under below folder:

S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Implementation\Interest Protocol Agreement

Regards,
Gavin He

-----Original Message-----
From: John Kim
Sent: Thursday, November 30, 2017 1:01 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Gavin,

Could you keep an eye on these and also save in folders?

John

-----Original Message-----
From: Carlos Yep
Sent: Thursday, November 30, 2017 12:44 PM
To: Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi Malle,
Last nite, We received the draft Interest Protocol Agreement draft dated Nov29 . This morning the document was forwarded to Shruti Talwar in Energy.

Yes, I have been involved in the spread discussion for the sub/junior-sub debt based in the memo

draft of nov21 and one earlier version from Nov7.

If you have any questions, please call x58121 and we can discuss

Regards
Carlos

-----Original Message-----
From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, November 30, 2017 12:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gadi Mayman <Gadi.Mayman@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fw: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Hi

We have not been involved in this to date. Sending it along as it looks like the OFA has had some involvement

Malle

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: WONG Leslie -LAWDIV <leslie.wong@opg.com>
Sent: Thursday, November 30, 2017 12:16
To: Thouin, Alena (ENERGY); Hanslep, Malle (MOF)
Cc: LEE John -TREASURY; LIU Sheen -TREASURY; MCAULEY Tyler -LAWDIV; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY
Subject: Fair Hydro Plan Protocol Agreement - Subordinated and Junior Subordinated Debt

Dear Alena and Malle,

Please find attached a draft of the protocol agreement relating to the determination of interest rates on the subordinated and junior subordinated debt to be issued to OPG by the Fair Hydro Trust. Most of this debt will be funded through equity injections by the Province into OPG. OPG's Treasury team has been working with Carlos Yep of the OFA on this agreement. I understand that Alena has previously seen a term sheet setting out the main terms of the agreement.

Let us know if you have any questions or comments on the draft.

Regards,

Les

Leslie Wong
Senior Counsel
Ontario Power Generation Inc.
700 University Avenue, H18 G26.1, Toronto, ON M5G 1X6
T: (416) 592-3110 | E: leslie.wong@opg.com<mailto:leslie.wong@opg.com>

_____

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	John Kim
To:	Christina Zhang
Cc:	Ken Kandeepan; Alexander Kraas; Bruno Amara; Ricky Lai; Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject:	RE: Fair Hydro Plan
Date:	Tuesday, October 17, 2017 3:56:29 PM

Np…in anticipating of arriving at the FHP numbers, what information are you looking for? Just to give you heads up that the information will be basic.

Thanks,

John

From: Christina Zhang
Sent: Tuesday, October 17, 2017 3:29 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Much appreciated, John. Tomorrow should be fine but probably no later than that.

From: John Kim
Sent: Tuesday, October 17, 2017 3:24 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hopefully soon. We are seeking some clarifications from Energy as we speak. Anticipating tomorrow, hope it's okay.

Sent from my iPhone

On Oct 17, 2017, at 3:15 PM, Christina Zhang <Christina.Zhang@ofina.on.ca> wrote:

> Hi John,
>
> I just wanted to follow up on the FHP numbers for the financing table, which as you can expect, we're anxious to finalize. Any chance you'll be able to send the revised numbers by today or tomorrow?
>
> I'm taking over the financing table responsibilities from Ricky so please feel free to email me if you need anything on it.

Thanks,
Christina

From: John Kim
Sent: Saturday, October 14, 2017 12:41 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Christina Zhang <Christina.Zhang@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hi Ken,

Ron received information from energy which we are working on. Not sure the data is what we need but my team is working on it so we will share the assessment and data soon.

Thanks.

John

Sent from my iPhone

On Oct 14, 2017, at 11:14 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi John
>
> Just following up on this, any luck of revised estimated from MOE, a response Monday is fine.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** John Kim
> **Sent:** Tuesday, October 10, 2017 12:22 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
> **Cc:** Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: Fair Hydro Plan
>
> Hi Ken,

The data we used to see the debt number being reduced to $20bn was not an official set of data. I am working to get a more official update from Energy but it is a process that requires approvals on their end.

If you're okay with what Energy has described as preliminary then we can work to provide it. This has been getting escalated so if you can wait towards the end of the week then we may have something.

John

From: Ken Kandeepan
Sent: Tuesday, October 10, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi John

What Ricky requires for the FES is the forecast amount of the 44% equity injection number for 17-18 and the two out years. Given that the total debt number has reduced to $20 Billion from the $28 B forecast at Budget time I guess there would be reductions in the first three years as well.

Thanks

Ken k

From: John Kim
Sent: Tuesday, October 10, 2017 11:21 AM
To: Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Ricky,

There is no official updated information on the GA modelling. I have been looking for that from the Ministry of Energy without having any success.

Energy's response thus far is that they are still working on finalizing the FHP-related GA forecast.

In terms of FES, let me know what you are looking to do and the timeline you're working towards.

John

From: Ricky Lai
Sent: Friday, October 06, 2017 10:25 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fair Hydro Plan

Hi John,

In preparation for the upcoming FES, would you be able to provide an update to the Fair Hydro Plan numbers. I have attached the worksheet that we have used for the 2017 Budget (password protected using FES password).

Your input by the end of today would be appreciated.

Thanks.

Ricky

From:	John Kim
To:	Shajee Kathirgamanathan; Gavin He
Cc:	Bruno Amara
Subject:	RE: Fair Hydro Plan
Date:	Tuesday, October 17, 2017 3:53:17 PM

And when communicating with Energy, let's let them know about the fiscal planning/FES timeline.

From: John Kim
Sent: Tuesday, October 17, 2017 3:49 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Fair Hydro Plan

Fyi, we need to nail down the GA part…

From: Christina Zhang
Sent: Tuesday, October 17, 2017 3:29 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Much appreciated, John. Tomorrow should be fine but probably no later than that.

From: John Kim
Sent: Tuesday, October 17, 2017 3:24 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hopefully soon. We are seeking some clarifications from Energy as we speak. Anticipating tomorrow, hope it's okay.

Sent from my iPhone

On Oct 17, 2017, at 3:15 PM, Christina Zhang <Christina.Zhang@ofina.on.ca> wrote:

> Hi John,
>
> I just wanted to follow up on the FHP numbers for the financing table, which as you can expect, we're anxious to finalize. Any chance you'll be able to send the revised

numbers by today or tomorrow?

I'm taking over the financing table responsibilities from Ricky so please feel free to email me if you need anything on it.

Thanks,
Christina

From: John Kim
Sent: Saturday, October 14, 2017 12:41 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Christina Zhang <Christina.Zhang@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hi Ken,

Ron received information from energy which we are working on. Not sure the data is what we need but my team is working on it so we will share the assessment and data soon.

Thanks.

John

Sent from my iPhone

On Oct 14, 2017, at 11:14 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi John
>
> Just following up on this, any luck of revised estimated from MOE, a response Monday is fine.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** John Kim
> **Sent:** Tuesday, October 10, 2017 12:22 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
> **Cc:** Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: RE: Fair Hydro Plan

Hi Ken,

The data we used to see the debt number being reduced to $20bn was not an official set of data. I am working to get a more official update from Energy but it is a process that requires approvals on their end.

If you're okay with what Energy has described as preliminary then we can work to provide it. This has been getting escalated so if you can wait towards the end of the week then we may have something.

John

From: Ken Kandeepan
Sent: Tuesday, October 10, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi John

What Ricky requires for the FES is the forecast amount of the 44% equity injection number for 17-18 and the two out years. Given that the total debt number has reduced to $20 Billion from the $28 B forecast at Budget time I guess there would be reductions in the first three years as well.

Thanks

Ken k

From: John Kim
Sent: Tuesday, October 10, 2017 11:21 AM
To: Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Ricky,

There is no official updated information on the GA modelling. I have been looking for that from the Ministry of Energy without having any success.

Energy's response thus far is that they are still working on finalizing the FHP-related GA forecast.

In terms of FES, let me know what you are looking to do and the timeline you're working towards.

John

From: Ricky Lai
Sent: Friday, October 06, 2017 10:25 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fair Hydro Plan

Hi John,

In preparation for the upcoming FES, would you be able to provide an update to the Fair Hydro Plan numbers. I have attached the worksheet that we have used for the 2017 Budget (password protected using FES password).

Your input by the end of today would be appreciated.

Thanks.

Ricky

From:	John Kim
To:	Bruno Amara
Subject:	RE: Fair Hydro Plan
Date:	Tuesday, October 17, 2017 4:14:02 PM

Sure, no need to wait on that either. Happy to have you reach out to her.

From: Bruno Amara
Sent: Tuesday, October 17, 2017 4:04 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Fair Hydro Plan

Hi john:

Once we have numbers, do you want me to follow-up with Shruti to see if they are working on same and if we are roughly in ball park?

Bruno

From: John Kim
Sent: Tuesday, October 17, 2017 3:53 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

And when communicating with Energy, let's let them know about the fiscal planning/FES timeline.

From: John Kim
Sent: Tuesday, October 17, 2017 3:49 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Fair Hydro Plan

Fyi, we need to nail down the GA part…

From: Christina Zhang
Sent: Tuesday, October 17, 2017 3:29 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>

Subject: RE: Fair Hydro Plan

Much appreciated, John. Tomorrow should be fine but probably no later than that.

From: John Kim
Sent: Tuesday, October 17, 2017 3:24 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Subject: Re: Fair Hydro Plan

Hopefully soon. We are seeking some clarifications from Energy as we speak. Anticipating tomorrow, hope it's okay.

Sent from my iPhone

On Oct 17, 2017, at 3:15 PM, Christina Zhang <Christina.Zhang@ofina.on.ca> wrote:

> Hi John,
>
> I just wanted to follow up on the FHP numbers for the financing table, which as you can expect, we're anxious to finalize. Any chance you'll be able to send the revised numbers by today or tomorrow?
>
> I'm taking over the financing table responsibilities from Ricky so please feel free to email me if you need anything on it.
>
> Thanks,
> Christina
>
> ---
>
> **From:** John Kim
> **Sent:** Saturday, October 14, 2017 12:41 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Christina Zhang <Christina.Zhang@ofina.on.ca>
> **Subject:** Re: Fair Hydro Plan
>
> Hi Ken,
>
> Ron received information from energy which we are working on. Not sure the data is what we need but my team is working on it so we will share the assessment and data soon.

Thanks.

John

Sent from my iPhone

On Oct 14, 2017, at 11:14 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi John
>
> Just following up on this, any luck of revised estimated from MOE, a response Monday is fine.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** John Kim
> **Sent:** Tuesday, October 10, 2017 12:22 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
> **Cc:** Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: Fair Hydro Plan
>
> Hi Ken,
>
> The data we used to see the debt number being reduced to $20bn was not an official set of data. I am working to get a more official update from Energy but it is a process that requires approvals on their end.
>
> If you're okay with what Energy has described as preliminary then we can work to provide it. This has been getting escalated so if you can wait towards the end of the week then we may have something.
>
> John
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Tuesday, October 10, 2017 12:00 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
> **Cc:** Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: Fair Hydro Plan
>
> Hi John

What Ricky requires for the FES is the forecast amount of the 44% equity injection number for 17-18 and the two out years. Given that the total debt number has reduced to $20 Billion from the $28 B forecast at Budget time I guess there would be reductions in the first three years as well.

Thanks

Ken k

From: John Kim
Sent: Tuesday, October 10, 2017 11:21 AM
To: Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Ricky,

There is no official updated information on the GA modelling. I have been looking for that from the Ministry of Energy without having any success.

Energy's response thus far is that they are still working on finalizing the FHP-related GA forecast.

In terms of FES, let me know what you are looking to do and the timeline you're working towards.

John

From: Ricky Lai
Sent: Friday, October 06, 2017 10:25 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fair Hydro Plan

Hi John,

In preparation for the upcoming FES, would you be able to provide an update to the Fair Hydro Plan numbers. I have attached the worksheet that we have used for the 2017 Budget (password protected using FES password).

Your input by the end of today would be appreciated.

Thanks.

Ricky

From:	John Kim
To:	Ken Kandeepan
Cc:	Ronald Kwan; Mike Manning; Malle Hanslep (MOF); John Psinas; Tobias P. Whitfield (MOF); Bruno Amara
Subject:	RE: Financing Plan
Date:	Wednesday, December 06, 2017 4:05:19 PM
Attachments:	Equity Injection Determination v7.pptx

Hi Ken,

We can share a deck with you which we based off of the FAA numbers from Energy earlier. This is not quite the financing plan but our understanding is that the plan was based on this underlying info. I will caveat in a big way as I am continually told by Energy that numbers have shifted.

I was about to share it earlier but following a call with OPG, understood OPG was to provide detailed tables which never came.

Thanks,

John

P.S. I will be off as of Friday for two weeks and Bruno will be acting for me during this time.

From: Ken Kandeepan
Sent: Wednesday, December 06, 2017 12:03 PM
To: John Kim <John.Kim@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: Financing Plan

Hi Ron and John

Is it possible to obtain the latest version of the Financing Plan from MOE, which hopefully has numbers including the program maximum for the next two years.

Thanks

Ken k

DRAFT

Preliminary Assessment – OPG Equity Injection

On September 28, 2017, the Minister of Energy provided Fair Allocation Amount and Readjustment Amount estimates over the FHP Reference Periods to OPG, the Financial Services Manager for the Fair Hydro Plan.

The following analysis is based on a preliminary assessment of annual OPG Equity Injection requirements using the information from the September 28, 2017 Ministry of Energy letter.

Energy staff indicate that scenarios involving the Fair Allocation Adjustment and Readjustment Amount continue to evolve in discussions with investment community and financial advisors. Information beyond 2021 is to be determined, as such CEFD is unable to make an assessment beyond 2021.

Subject to update and refinement.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year (5 year period)

- The table below outlines a preliminary assessment for the estimated annual equity injection amounts from the Province to OPG.

$M nominal	2017	2018	2019	2020	2021
Fair Allocation Amount[1]	(1191)	(1336)	(1064)	(855)	(621)
Readjustment Amount[1]	(188)	(885)	(1233)	(1523)	(1551)
Total Annual Borrowing Requirement[1]	(1378)	(2221)	(2297)	(2378)	(2172)
OPG Equity Injection (44%)	**(606)**	**(977)**	**(1011)**	**(1046)**	**(956)**

NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to calendar years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually including interest costs.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year

- Due to the uncertain amounts of Clean Energy Adjustments expected to begin May 2021, longer term forecasts are less accurate (*italicized below*).
- Based on these forecasts, funding requirements (equity injections) are expected to end in 2024.

$M nominal	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Fair Allocation Amount[1]	(1191)	(1336)	(1064)	(855)	(621)	*(396)*	*(201)*	*(53)*	*91*	*231*	*321*	*537*	*892*	*1340*	*1365*	*1486*
Readjustment Amount[1]	(188)	(885)	(1233)	(1523)	(1551)	*(1289)*	*(859)*	*(436)*	*(49)*	-	-	-	-	-	-	-
Total Annual borrowing requirement/repayment[1]	(1378)	(2221)	(2297)	(2378)	(2172)	*(1684)*	*(1060)*	*(489)*	*42*	*231*	*321*	*537*	*892*	*1340*	*1365*	*1486*
OPG Equity Injection (44%)	**(606)**	**(977)**	**(1011)**	**(1046)**	**(956)**	***(741)***	***(466)***	***(215)***								

$M nominal	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047
Fair Allocation Amount[1]	*1609*	*2007*	*2201*	*2237*	*2185*	*2163*	*1892*	*1626*	*1484*	*1444*	*1385*	*1395*	*1421*	*1603*	*2006*
Readjustment Amount[1]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Annual borrowing requirement/repayment[1]	*1609*	*2007*	*2201*	*2237*	*2185*	*2163*	*1892*	*1626*	*1484*	*1444*	*1385*	*1395*	*1421*	*1603*	*2006*

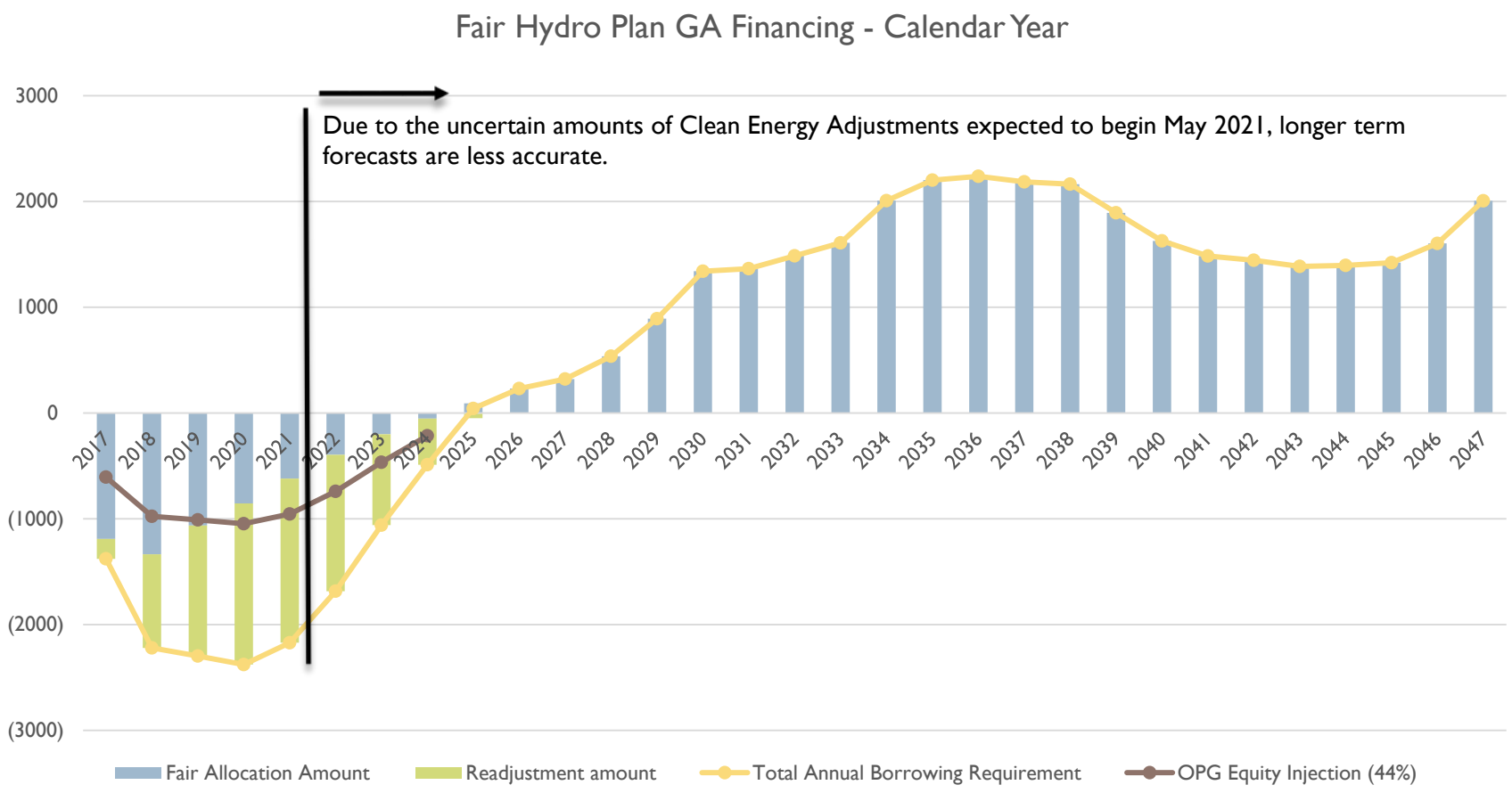
NOTE: Letter from Minister of Energy provided OPG information based on Reference Periods (generally aligning with RPP periods). Converted to calendar years by assuming equal distribution of amounts across months in the reference period.

1. Assumes sum of the Fair Allocation Amount, and Readjustment Amount represents amount to be financed annually including interest costs.

DRAFT

Preliminary Assessment – OPG Equity Injection – Calendar Year

- OPG equity injections forecasted to end in ~2024 to ~2025 (subject to updates).
- OPG share-buy back process yet to be determined.



From:	Sadasivan, Asokan (MEDG/MRIS)
To:	John Psinas
Cc:	Bharat Patel (MOF); Francisco Chinchon; John Kim; Bruno Amara; George Sakura; Kevin Hwang; Ken Kandeepan; Carlos Yep; Veinot, Cindy (TBS); Nadine Petsche (MOF); Kate Johnstone (MCSS); Tai An (ENERGY); Pratima Gounden (ENERGY)
Subject:	RE: MOF - Energy compromise
Date:	Wednesday, April 26, 2017 9:50:31 AM

John,

Further, to message below, this is to let you know that Energy will be recording the transactions pertaining to the equity injection transactions.

Regards,

Asokan
416 902 2649

-----Original Message-----
From: Sadasivan, Asokan (MEDG/MRIS)
Sent: April 19, 2017 5:10 PM
To: 'John Psinas'
Cc: Patel, Bharat (TBS); Chinchon, Francisco (OFA); Kim, John (OFA); Bruno Amara; Sakura, George (OFA); Hwang, Kevin (OFA); Kandeepan, Ken (OFA); Yep, Carlos (OFA); Veinot, Cindy (TBS); Petsche, Nadine (TBS); Johnstone, Kate (MEDG/MRIS); An, Tai (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: MOF - Energy compromise

John,

Our understanding is that this is still evolving and hence, we are not in a position to comment at this moment.

Regards,

Asokan
416 902 2649

-----Original Message-----
From: John Psinas [mailto:John.Psinas@ofina.on.ca]
Sent: April 19, 2017 3:16 PM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Patel, Bharat (TBS); Chinchon, Francisco (OFA); Kim, John (OFA); Bruno Amara; Sakura, George (OFA); Hwang, Kevin (OFA); Kandeepan, Ken (OFA); Yep, Carlos (OFA); Veinot, Cindy (TBS); Petsche, Nadine (TBS)
Subject: RE: MOF - Energy compromise

Asokan,

I just want to confirm that the Ministry of Energy will record the equity injection payments (likely on a monthly basis (tbd)) and subsequently record the shares received from OPG going forward. From what I understand, this is line with the Hydro 1 compromise, where new equity will be recorded on Energy's books and that Energy will take the lead in all aspects?

Thanks.

John

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Bruno Amara
To: Lisa Stein
Cc: John Kim
Subject: RE: MOU OFA and Energy re share subscription process
Date: Thursday, August 10, 2017 2:02:42 PM

Hi Lisa

I just checked John's emails. Actually he had sent to Ken Russel. Apologies I should have checked that first. I'll follow-up with Ken.

Thanks
Bruno

From: Lisa Stein
Sent: Thursday, August 10, 2017 1:48 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: MOU OFA and Energy re share subscription process

This is the first time time I've seen this MOU. Was Sarah Neville involved? Would you like OFA Legal to review? Please provide me with your timelines.

Thanks,

Lisa

From: Bruno Amara
Sent: Thursday, August 10, 2017 12:22 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: MOU OFA and Energy re share subscription process

Hi Lisa,

I understand that John shared this draft MOU with you. Per Investment Governance Branch email below, I'm following up. My understanding is that the key issue that had been discussed was whether formal authorization would be required each month from the Minister of Energy for subscription payments. OFA preferred this approach, but Energy preferred an annual approval. I understand also that responsibility for due diligence was a key factor. In the attached Energy has edited to clarify that it would conduct the necessary due diligence (see 9. Below). The MOU also notes that OPG would notify both Energy and OFA of monthly subscription amounts, and that Energy would notify OPFA within 3 days if there were any issues with subscription payment to be made.

> 9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that

the Appropriated Amount is sufficient.

Let me know if you have had a chance to review, and if so, what you think. I'm not sure if this was also being discussed with/reviewed by Mike Manning or Ken.

Thanks
Bruno

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, August 10, 2017 10:27 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: SLA draft

Hey Bruno – John mentioned he had shared this with OFA legal – would you be able to check in?

Thanks,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Lisa Stein
To: Bruno Amara
Cc: John Kim
Subject: RE: MOU OFA and Energy re share subscription process
Date: Thursday, August 10, 2017 1:48:29 PM

This is the first time time I've seen this MOU. Was Sarah Neville involved? Would you like OFA Legal to review? Please provide me with your timelines.

Thanks,

Lisa

From: Bruno Amara
Sent: Thursday, August 10, 2017 12:22 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: MOU OFA and Energy re share subscription process

Hi Lisa,

I understand that John shared this draft MOU with you. Per Investment Governance Branch email below, I'm following up. My understanding is that the key issue that had been discussed was whether formal authorization would be required each month from the Minister of Energy for subscription payments. OFA preferred this approach, but Energy preferred an annual approval. I understand also that responsibility for due diligence was a key factor. In the attached Energy has edited to clarify that it would conduct the necessary due diligence (see 9. Below). The MOU also notes that OPG would notify both Energy and OFA of monthly subscription amounts, and that Energy would notify OPFA within 3 days if there were any issues with subscription payment to be made.

> 9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

Let me know if you have had a chance to review, and if so, what you think. I'm not sure if this was also being discussed with/reviewed by Mike Manning or Ken.

Thanks
Bruno

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, August 10, 2017 10:27 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>

Subject: FW: SLA draft

Hey Bruno – John mentioned he had shared this with OFA legal – would you be able to check in?

Thanks,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Lisa Stein
To:	Bruno Amara
Cc:	John Kim
Subject:	RE: MOU OFA and Energy re share subscription process
Date:	Thursday, August 10, 2017 2:40:34 PM

Okay, thank you

From: Bruno Amara
Sent: Thursday, August 10, 2017 2:03 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: MOU OFA and Energy re share subscription process

Hi Lisa

I just checked John's emails. Actually he had sent to Ken Russel. Apologies I should have checked that first. I'll follow-up with Ken.

Thanks
Bruno

From: Lisa Stein
Sent: Thursday, August 10, 2017 1:48 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: MOU OFA and Energy re share subscription process

This is the first time time I've seen this MOU. Was Sarah Neville involved? Would you like OFA Legal to review? Please provide me with your timelines.

Thanks,

Lisa

From: Bruno Amara
Sent: Thursday, August 10, 2017 12:22 PM
To: Lisa Stein <Lisa.Stein@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: MOU OFA and Energy re share subscription process

Hi Lisa,

I understand that John shared this draft MOU with you. Per Investment Governance Branch email below, I'm following up. My understanding is that the key issue that had been discussed was

whether formal authorization would be required each month from the Minister of Energy for subscription payments. OFA preferred this approach, but Energy preferred an annual approval. I understand also that responsibility for due diligence was a key factor. In the attached Energy has edited to clarify that it would conduct the necessary due diligence (see 9. Below). The MOU also notes that OPG would notify both Energy and OFA of monthly subscription amounts, and that Energy would notify OPFA within 3 days if there were any issues with subscription payment to be made.

> 9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

Let me know if you have had a chance to review, and if so, what you think. I'm not sure if this was also being discussed with/reviewed by Mike Manning or Ken.

Thanks
Bruno

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, August 10, 2017 10:27 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: SLA draft

Hey Bruno – John mentioned he had shared this with OFA legal – would you be able to check in?

Thanks,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Gavin He
To:	Graham Young (MOI)
Cc:	John Kim; Kenneth Russell; Sawwaf, Khareem (ENERGY); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Thouin, Alena (ENERGY); Asokan Sadasivan (MEDTE/MRI); Pratima Gounden (ENERGY)
Subject:	RE: MOU between OFA and Energy
Date:	Friday, December 01, 2017 11:45:18 AM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v14 ENERGY Dec 01_CEFD.docx OFA - MoE MOU Fair Hydro Plan_v14 ENERGY Dec 01_CEFD_Clean.docx

Hi Graham,

Thanks for the feedback. We are good with your edits to section 2. In addition, we made some formatting edits to 2) Payment Process, updated section 7) Contacts, and minor revision to Schedule C. If you are good with the attached version, we can move forward with the execution.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Thursday, November 30, 2017 4:58 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: RE: MOU between OFA and Energy

Gavin

We were good with the revisions you made yesterday. Some additional minor edits back under section 2.

We circled back and decided to keep the contact names in. Sorry for the back and forth.

Thanks very much for your patience. We're hoping this is the last round of edits before approvals.

Let us know if you have any concerns.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-29-17 5:58 PM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sawwaf, Khareem (ENERGY); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Thouin, Alena (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Gounden, Pratima (ENERGY)

Subject: RE: MOU between OFA and Energy

Hi Graham,

Thanks for the comments. We have reviewed and provided our edits/comments in the attached version.

In addition, I have removed the names and contact information under section 7 and 8, based on the comments from your CAO office.

Please let me know if this works for you.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Wednesday, November 29, 2017 4:32 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: FW: MOU between OFA and Energy

Gavin,

Thank you for accepting our proposed changes. We reviewed and have a few more edits on pages 1-2 of the attached version.

Please let us know if you have any concerns.

Thank you,
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 29, 2017 11:53 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: MOU between OFA and Energy

Hi Shruti,

Attached is the latest version of the MOU that our Legal just provided. I have removed the word "subordinate" in the attached copy on paragraph 4 based on our discussion last Friday.

Here's a summary of the changes:

- Remove the word "subordinate" in paragraph 4
- Added a definition of business day
- Added an acknowledgement of possible future changes to the wire transfer instruction
- Added schedule C and reference to schedule C in the MOU.

Could you please take a look and let me know if you are good with the attached version?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 29, 2017 11:43 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Gavin

My comments on the most recent draft of the MOU which you have provided to me, including my comments on the proposed payment authorization form are attached.

I note that not all of the concerns from MoE of which I am aware (such as the desire to remove the reference to subordinated debt in
Recital 4) are reflected in this draft. Please ensure that any further comments by MoE are made on this draft.

ken

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM

To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would

like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: ~~November~~ **December** **, 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, ~~T~~the Legislative Assembly of Ontario ~~Government of Ontario~~ enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act ~~(the "Regulations")~~ provide~~s~~ the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's ~~subordinated~~ debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.~~.~~

6. In accordance with the Equity Injection Plan, ~~T~~the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") ~~in the form consistent with that provided for in Schedule A to this Memorandum of Understanding (the "MOU"),~~ setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount"), ~~consistent with the requisite approval for the appropriations, which have already been obtained and any future appropriations approvals processes to be obtained.~~ .

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within ~~[*]~~ five (5) ~~business~~ Business ~~days~~ Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Commented [GH1]: Schedule A is a s.11.4 FAA Certificate, not a share subscription form.

Commented [GH2]: What's the purpose of this sentence?

Commented [KR3]: I agree. This statement is not relevant for the purposes of the MOU.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three ~~business~~ Business ~~days~~ Days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved ~~for payment~~ by the Minister of Energy or authorized delegate; ~~and~~

b. a clear and legible electronic copy of a certificate ~~(the "Certificate")~~, in the form attached as Schedule A to this MOU (the "Certificate"), ~~-~~confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under s~~S~~ection 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and~~. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.~~, and

c. a clear and legible electronic copy of a ~~P~~payment ~~A~~authorizs~~s~~ation approved by the Deputy Minister of Energy or authorized delegate in the form attached as ~~(~~Schedule C~~)~~ to this MOU (the "Payment Authorization"). ~~Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.~~

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

~~c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.~~

Formatted: Indent: Left: 0.5", No bullets or numbering

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry ~~-~~account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments ~~is~~ shall be as set out in ~~attached as~~ Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
c. authorizations under ~~S~~section 11.4 (2) 1. of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted

by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Commented [SK(4]: Should Ken be included in section 7?

Commented [GH5R4]: Added to section 7.

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription ~~form~~ dated **[date]** (the "Share Subscription ~~Form~~") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription ~~Form~~ requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (~~Authorised person of Ministry of Energy~~Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) ~~to cover~~as ~~payment as~~ consideration for the subscription for ~~of~~ [number] Class A ~~s~~Shares of OPG.

Commented [SK(6]: I recommend setting out here how many shares are to be purchased with each authorization.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **December , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, the Legislative Assembly of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act provide the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.

6. In accordance with the Equity Injection Plan, the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within five (5) Business Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three Business Days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic copy of each Share Subscription executed and approved by the Minister of Energy or authorized delegate;
   b. a clear and legible electronic copy of a certificate, in the form attached as Schedule A to this MOU (the "Certificate"), confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and
   c. a clear and legible electronic copy of a payment authorization approved by the Deputy Minister of Energy or authorized delegate in the form attached as Schedule C to this MOU (the "Payment Authorization").

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments shall be as set out in Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

   a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
   b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
   c. authorizations under section 11.4 (2) 1 of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **[date]** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) as consideration for the subscription for [number] Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From:	Risa Thau
To:	Kenneth Russell
Cc:	Ken Kandeepan; Alfonso Soriano; John Psinas; George Sakura; John Kim; Gavin He
Subject:	RE: MOU between OFA and Energy
Date:	Monday, November 27, 2017 11:48:22 AM

Thanks Ken. I'll discuss adding a separate payment authorization schedule with Asokan and get back to you.

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another

Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

From:	Kenneth Russell
To:	Risa Thau
Cc:	Ken Kandeepan; Alfonso Soriano; John Psinas; George Sakura; John Kim; Gavin He
Subject:	RE: MOU between OFA and Energy
Date:	Monday, November 27, 2017 11:45:15 AM

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

From:	Young, Graham (ENERGY)
To:	Gavin He
Cc:	John Kim; Kenneth Russell; Sawwaf, Khareem (ENERGY); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Thouin, Alena (ENERGY); Asokan Sadasivan (MEDTE/MRI); Pratima Gounden (ENERGY)
Subject:	RE: MOU between OFA and Energy
Date:	Thursday, November 30, 2017 4:57:58 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v14 ENERGY Nov 30.docx

Gavin

We were good with the revisions you made yesterday. Some additional minor edits back under section 2.

We circled back and decided to keep the contact names in. Sorry for the back and forth.

Thanks very much for your patience. We're hoping this is the last round of edits before approvals.

Let us know if you have any concerns.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-29-17 5:58 PM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sawwaf, Khareem (ENERGY); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Thouin, Alena (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Gounden, Pratima (ENERGY)
Subject: RE: MOU between OFA and Energy

Hi Graham,

Thanks for the comments. We have reviewed and provided our edits/comments in the attached version.

In addition, I have removed the names and contact information under section 7 and 8, based on the comments from your CAO office.

Please let me know if this works for you.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Wednesday, November 29, 2017 4:32 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>;

Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: FW: MOU between OFA and Energy

Gavin,

Thank you for accepting our proposed changes. We reviewed and have a few more edits on pages 1-2 of the attached version.

Please let us know if you have any concerns.

Thank you,
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 29, 2017 11:53 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: MOU between OFA and Energy

Hi Shruti,

Attached is the latest version of the MOU that our Legal just provided. I have removed the word "subordinate" in the attached copy on paragraph 4 based on our discussion last Friday.

Here's a summary of the changes:

- Remove the word "subordinate" in paragraph 4
- Added a definition of business day
- Added an acknowledgement of possible future changes to the wire transfer instruction
- Added schedule C and reference to schedule C in the MOU.

Could you please take a look and let me know if you are good with the attached version?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 29, 2017 11:43 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Risa Thau <Risa.Thau@ofina.on.ca>

Subject: RE: MOU between OFA and Energy

Gavin

My comments on the most recent draft of the MOU which you have provided to me, including my comments on the proposed payment authorization form are attached.

I note that not all of the concerns from MoE of which I am aware (such as the desire to remove the reference to subordinated debt in
Recital 4) are reflected in this draft. Please ensure that any further comments by MoE are made on this draft.

ken

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced

in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, ~~T~~the Legislative Assembly of Ontario ~~Government of Ontario~~ enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act ~~(the "Regulations")~~ provide~~s~~ the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's ~~subordinated~~ debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.~~.~~

6. In accordance with the Equity Injection Plan, ~~T~~the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") ~~in the form consistent with that provided for in Schedule A to this Memorandum of Understanding (the "MOU"),~~ setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount"), ~~consistent with the requisite approval for the appropriations, which have already been obtained and any future appropriations approvals processes to be obtained.~~ .

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within ~~[*]~~ five (5) ~~business~~ Business ~~days~~ Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Commented [GH1]: Schedule A is a s.11.4 FAA Certificate, not a share subscription form.

Commented [GH2]: What's the purpose of this sentence?

Commented [KR3]: I agree. This statement is not relevant for the purposes of the MOU.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three ~~business~~ Business ~~days~~ Days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved ~~for payment~~ by the Minister of Energy or authorized delegate~~,~~ ~~and~~
b. a clear and legible electronic copy of a certificate ~~(the "Certificate")~~, in the form attached as Schedule A to this MOU (the "Certificate"), ~~-~~confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under s~~S~~ection 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and~~. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription., and~~
c. a clear and legible electronic copy of a ~~P~~payment ~~A~~authorizs~~s~~ation approved by the Deputy Minister of Energy or authorized delegate in the form attached as ~~(~~Schedule C~~)~~ to this MOU (the "Payment Authorization"). Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

~~c)~~ The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, ~~and~~ the Certificate and the Payment Authorization as provided in paragraph b) above.

~~d)~~c)

~~e)~~d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry ~~-~~account immediately upon the completion of the Subscription Payment or shortly thereafter.

~~f)~~e) The OPG wire transfer information for the Subscription Payments ~~is~~ shall be as set out in ~~attached as~~ Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

f) The Ministry shall deliver electronically to the OFA certified copies of any

a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and

c. authorizations under ~~s~~Section 11.4 (2) 1. of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Commented [SK(4]: Should Ken be included in section 7?

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription ~~form~~ dated **[date]** (the "Share Subscription ~~Form~~") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription ~~Form~~ requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (~~Authorised person of Ministry of Energy~~Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) to cover payment as consideration for the subscription of [number] shares of OPG.

Commented [SK(5]: I recommend setting out here how many shares are to be purchased with each authorization.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From:	Gavin He
To:	Graham Young (MOI)
Cc:	John Kim; Kenneth Russell; Sawwaf, Khareem (ENERGY); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Thouin, Alena (ENERGY); Asokan Sadasivan (MEDTE/MRI); Pratima Gounden (ENERGY)
Subject:	RE: MOU between OFA and Energy
Date:	Wednesday, November 29, 2017 5:58:29 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v13 ENERGY Nov 29_CEFD_v2.docx

Hi Graham,

Thanks for the comments. We have reviewed and provided our edits/comments in the attached version.

In addition, I have removed the names and contact information under section 7 and 8, based on the comments from your CAO office.

Please let me know if this works for you.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Wednesday, November 29, 2017 4:32 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: FW: MOU between OFA and Energy

Gavin,

Thank you for accepting our proposed changes. We reviewed and have a few more edits on pages 1-2 of the attached version.

Please let us know if you have any concerns.

Thank you,
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 29, 2017 11:53 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: MOU between OFA and Energy

Hi Shruti,

Attached is the latest version of the MOU that our Legal just provided. I have removed the word "subordinate" in the attached copy on paragraph 4 based on our discussion last Friday.

Here's a summary of the changes:

- Remove the word "subordinate" in paragraph 4
- Added a definition of business day
- Added an acknowledgement of possible future changes to the wire transfer instruction
- Added schedule C and reference to schedule C in the MOU.

Could you please take a look and let me know if you are good with the attached version?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 29, 2017 11:43 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Gavin

My comments on the most recent draft of the MOU which you have provided to me, including my comments on the proposed payment authorization form are attached.

I note that not all of the concerns from MoE of which I am aware (such as the desire to remove the reference to subordinated debt in
Recital 4) are reflected in this draft. Please ensure that any further comments by MoE are made on this draft.

ken

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI)

<Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, ~~T~~the Legislative Assembly of Ontario ~~Government of Ontario~~ enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act ~~(the "Regulations")~~ provide~~s~~ the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's ~~subordinated~~ debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.~~.~~

6. In accordance with the Equity Injection Plan, ~~T~~the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") ~~in the form consistent with that provided for in Schedule A to this Memorandum of Understanding (the "MOU"),~~ setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount"), ~~consistent with the requisite approval for the appropriations, which have already been obtained and any future appropriations approvals processes to be obtained.~~ .

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within ~~[*]~~ five (5) ~~business~~ Business ~~days~~ Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Commented [GH1]: Schedule A is a s.11.4 FAA Certificate, not a share subscription form.

Commented [GH2]: What's the purpose of this sentence?

Commented [KR3]: I agree. This statement is not relevant for the purposes of the MOU.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three ~~business~~ Business ~~days~~ Days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved ~~for payment~~ by the Minister of Energy or a delegate, ~~and~~

b. a clear and legible electronic copy of a certificate (the "Certificate") confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription~~.~~, and

~~b.~~c. a ~~P~~payment ~~A~~authorizs~~s~~ation approved by Deputy Minister of Energy or delegate in the form attached as ~~(~~Schedule C~~)~~ to this MOU (the "Payment Authorization").

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, ~~and~~ the Certificate and the Payment Authorization as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments ~~is~~ shall be as set out in ~~attached as~~ Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

f) The Ministry shall deliver to the OFA certified copies of any

a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,

b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and

c. authorizations under Section 11.4 (2) 1. of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

~~Name: John Kim~~
~~Title:~~ Director, Electricity Finance Branch

Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

In the case of the OFA:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription ~~form~~ dated **[date]** (the "Share Subscription ~~Form~~") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription ~~Form~~ requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (~~Authorised person of Ministry of Energy~~Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) to cover payment as consideration for the subscription of shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Formatted: Font: (Default) +Body (Calibri), Font color: Red

Formatted: Font: (Default) +Body (Calibri), Font color: Red

From:	Kenneth Russell
To:	Gavin He
Cc:	Ken Kandeepan; Alfonso Soriano; John Psinas; George Sakura; John Kim; Asokan Sadasivan (MEDTE/MRI); Risa Thau
Subject:	RE: MOU between OFA and Energy
Date:	Wednesday, November 29, 2017 11:42:51 AM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v12Clean(OFA Legal).docx

Gavin

My comments on the most recent draft of the MOU which you have provided to me, including my comments on the proposed payment authorization form are attached.

I note that not all of the concerns from MoE of which I am aware (such as the desire to remove the reference to subordinated debt in
Recital 4) are reflected in this draft. Please ensure that any further comments by MoE are made on this draft.

ken

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included

Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>

Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act ~~(the "Regulations")~~ provide~~s~~ the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within ~~[*]~~ five (5) ~~business~~ Business ~~days~~ Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding (the "MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three ~~business~~ Business ~~days~~ Days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved ~~for payment~~ by the Minister of Energy or a delegate, ~~and~~

b. a clear and legible electronic copy of a certificate (the "Certificate") confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription~~.~~, and

~~b.~~c. a ~~P~~payment ~~A~~authori~~z~~sation approved by Deputy Minister of Energy or delegate in the form attached as ~~(~~Schedule C~~)~~ to this MOU (the "Payment Authorization").

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, ~~and~~ the Certificate and the Payment Authorization as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments ~~is~~ shall be as set out in ~~attached as~~ Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

f) The Ministry shall deliver to the OFA certified copies of any

a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,

b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and

c. authorizations under Section 11.4 (2) 1. of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this

MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

In the case of the OFA:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription ~~form~~ dated **[date]** (the "Share Subscription ~~Form~~") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription ~~Form~~ requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (~~Authorised person of Ministry of Energy~~Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) to cover payment as consideration for the subscription of shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From:	Risa Thau
To:	Asokan Sadasivan (MEDTE/MRI); Gavin He
Cc:	Ken Kandeepan; Alfonso Soriano; John Psinas; George Sakura; John Kim; Kenneth Russell; Joe Pedota
Subject:	RE: MOU between OFA and Energy
Date:	Monday, November 27, 2017 4:26:33 PM

Hi Asokan,

I will be out of the office tomorrow, Tuesday, November 27th. If you need information on the MOU, please contact Gavin or Ken Russell.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 2:20 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Updated and attached as requested.

Regards,

Asokan
416 902 2649

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 27, 2017 1:50 PM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Kandeepan, Ken (OFA); Soriano, Alfonso (OFA); John Psinas; Sakura, George (OFA); Kim, John (OFA); Thau, Risa (OFA); Russell, Kenneth (OFA)
Subject: RE: MOU between OFA and Energy

Hi Asokan,

It seems that you marked up the older version of the MOU. For the version control purpose, could you please make your edits in the latest version that I sent over on Friday? I have attached that version for your convenience.

Thanks,
Gavin He

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Sadasivan, Asokan (MEDG/MRIS)
To:	Gavin He
Cc:	Ken Kandeepan; Alfonso Soriano; John Psinas; George Sakura; John Kim; Risa Thau; Kenneth Russell
Subject:	RE: MOU between OFA and Energy
Date:	Monday, November 27, 2017 2:20:08 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v12Clean.docx

Updated and attached as requested.

Regards,

Asokan
416 902 2649

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 27, 2017 1:50 PM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Kandeepan, Ken (OFA); Soriano, Alfonso (OFA); John Psinas; Sakura, George (OFA); Kim, John (OFA); Thau, Risa (OFA); Russell, Kenneth (OFA)
Subject: RE: MOU between OFA and Energy

Hi Asokan,

It seems that you marked up the older version of the MOU. For the version control purpose, could you please make your edits in the latest version that I sent over on Friday? I have attached that version for your convenience.

Thanks,
Gavin He

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved ~~for payment~~ by the Minister of Energy or a delegate, ~~and~~

b. a clear and legible electronic copy of a certificate (the "Certificate") confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription~~.~~, and

~~b.~~c. Payment Authorisation approved by Deputy Minister or delegate (Schedule C)

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7

Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

In the case of the OFA:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription Form requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Authorised person of Ministry of Energy)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) to cover payment as consideration for the subscription of shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From:	Gavin He
To:	Asokan Sadasivan (MEDTE/MRI)
Cc:	Ken Kandeepan; Alfonso Soriano; John Psinas; George Sakura; John Kim; Risa Thau; Kenneth Russell
Subject:	RE: MOU between OFA and Energy
Date:	Monday, November 27, 2017 1:49:40 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v12Clean.docx RE OFAEnergy MOU - Follow up from Nov 9 meeting.msg

Hi Asokan,

It seems that you marked up the older version of the MOU. For the version control purpose, could you please make your edits in the latest version that I sent over on Friday? I have attached that version for your convenience.

Thanks,
Gavin He

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim

<John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller

56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate, and

b. a clear and legible electronic copy of a certificate (the "Certificate") confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of

executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

In the case of the OFA:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription Form requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

From: Gavin He []
To: Graham Young (MOI) [Graham.Young@ontario.ca]
CC: John Kim [John.Kim@ofina.on.ca]; Kenneth Russell [Kenneth.Russell@ofina.on.ca]; Sud, Manu (ENERGY) [Manu.Sud@ontario.ca]; Ogunrinde, Deni (ENERGY) [Deni.Ogunrinde@ontario.ca]; Sawwaf, Khareem (ENERGY) [Khareem.Sawwaf@ontario.ca]; Tom McKinlay (MAG) [Tom.McKinlay@ontario.ca]; Pratima Gounden (ENERGY) [Pratima.Gounden@ontario.ca]; Talwar, Shruti (ENERGY) [Shruti.Talwar@ontario.ca]
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Friday, November 24, 2017 09:48:52
Attachment 1: OFA - MoE MOU Fair Hydro Plan_v12Clean.docx

Hi Graham,

Sorry for the delay in sending you this. Please find attached the clean version of the MOU between OFA and ENERGY, which I will use for our ADM's sign-off.

Here are the changes since last version you sent to us:

1. Section 3(d) was removed as discussed with Asokan yesterday.

2. Added contact names for OFA.

Please let me know if you have any other questions.

Thanks,

Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Tuesday, November 21, 2017 4:17 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY)

<Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from Corporate on page 5.

Thank you

Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,

Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.

Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde,

Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,

Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.

OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.

OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:

•□□□□□□□□ OFA has OPG's wire transfer information (suggest including this information as a separate schedule)

OFA: Could you please provide us with the updated OPG's wire transfer information?

•□□□□□□□□ Scanned electronic copies for the share subscription form & FAA certificate are acceptable

•□□□□□□□□ Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.

OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.

Thanks,

Shruti

Shruti Talwar

Director, Strategic Policy and Analytics Branch

Strategic, Network and Agency Policy Division

Ontario Ministry of Energy

416.325-8698

shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate, and

b. a clear and legible electronic copy of a certificate (the "Certificate") confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of

executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

In the case of the OFA:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription Form requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

From:	Gavin He
To:	John Kim
Subject:	RE: MOU between OFA and Energy
Date:	Monday, November 27, 2017 1:41:49 PM
Attachments:	Re OFAEnergy MOU - Follow up from Nov 9 meeting.msg

Hi John,

Shruti is aware of this. She called me on Friday and told me to make any other change too, in addition. She wants to remove the word "subordinate" on paragraph 4 to be consistent with the MSA which has been executed. Ken R. said he was okay with that. I will make that change in when we sent our edits back.

Regards,
Gavin He

From: John Kim
Sent: Monday, November 27, 2017 1:16 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Also, might be good to circle back with Shruti and say what is going on….thought we had a go-ahead.

From: Gavin He
Sent: Monday, November 27, 2017 1:06 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: MOU between OFA and Energy

Hi John,

Sure, I will make sure that.

Regards,
Gavin He

From: John Kim
Sent: Monday, November 27, 2017 12:43:41 PM
To: Gavin He
Subject: Fwd: MOU between OFA and Energy

Could we ensure version control and is this the last version we saw with changes? I don't think so??

Sent from my iPhone

Begin forwarded message:

From: Risa Thau <Risa.Thau@ofina.on.ca>
Date: November 27, 2017 at 12:38:52 PM EST
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>, John Psinas <John.Psinas@ofina.on.ca>, George Sakura <George.Sakura@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, "Asokan Sadasivan (MEDTE/MRI)" <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have

language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language

of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

From: Kenneth Russell []
To: Gavin He [Gavin.He@ofina.on.ca]
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Friday, November 24, 2017 15:52:04

Gavin

It is fine to make the MOU consistent with the MSA. If I have any comments on the change I will let you know Monday.

Ken

Sent from my iPhone

On Nov 24, 2017, at 12:48 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

Hi Ken,

I just got a call from Shruti about another change they want to make on paragraph 4, the Equity Injection Plan. They noted that in the Master Service Agreement, which has now been executed, it says "…use the equity injections solely for funding the Financing entity's debt (the "Equity Injection Plan"), without the word "subordinated". They want to remove the word "subordinated" to be consistent with the MSA. I know that you mention that this recital does not specifically reference the MSA, but from Energy's perspective, they want to keep the documents clean and consistent in this case. Will there be any issues by removing that word?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Friday, November 24, 2017 10:11 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin

This is to let you know that there are a couple of clean up changes that should be made to the MOU before it is signed

1. A definition of business day needs to be added.

2. An acknowledgement of possible future changes to the wire transfer instruction should be added.

I will put these in on Monday.

Ken

Sent from my iPhone

On Nov 24, 2017, at 8:27 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

Hi Ken and Ken,

The CAO from ENERGY suggested that we remove the names in the contact section of the MOU – essentially only referring to the contacts by title. This will eliminate updates when the contacts change. Are you good with that suggestion?

Thanks,
Gavin He

From: Gounden, Pratima (ENERGY) [mailto:Pratima.Gounden@ontario.ca]
Sent: Friday, November 24, 2017 9:21 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

We had the opportunity to brief our CAO yesterday and he recommends removing the names in the contact section of the MOU – essentially only referring to the contacts by title. The reason for this is that we don't want to continually update the MOU as people change positions, and also, this MOU will probably outlive most of our careers with the Ministry, so it shouldn't be tied to specific people.

Also, I believe Asokan spoke to you about additional edits to Schedule A. He is working with the accounting team on those now.

Thanks,
Pratima

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 24, 2017 8:49 AM
To: Young, Graham (ENERGY)

Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Sorry for the delay in sending you this. Please find attached the clean version of the MOU between OFA and ENERGY, which I will use for our ADM's sign-off.

Here are the changes since last version you sent to us:

1. Section 3(d) was removed as discussed with Asokan yesterday.
2. Added contact names for OFA.

Please let me know if you have any other questions.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Tuesday, November 21, 2017 4:17 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from Corporate on page 5.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
   - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
     OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Kenneth Russell
To:	Risa Thau
Cc:	Ken Kandeepan; Alfonso Soriano; John Psinas; George Sakura; Gavin He; John Kim; Asokan Sadasivan (MEDTE/MRI)
Subject:	RE: MOU between OFA and Energy
Date:	Monday, November 27, 2017 1:32:37 PM

Risa

These proposed amendments will require some revision. I will get back to you with my comments.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Talwar, Shruti (ENERGY)
To:	Gavin He; Graham Young (MOI)
Cc:	John Kim; Kenneth Russell; Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Thouin, Alena (ENERGY); Asokan Sadasivan (MEDTE/MRI); Pratima Gounden (ENERGY)
Subject:	RE: MOU between OFA and Energy
Date:	Friday, December 01, 2017 12:34:18 PM

Thanks, Gavin.

This looks good to us. We will move through approvals and execution on our end.

Shruti.

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December 1, 2017 11:45 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sawwaf, Khareem (ENERGY); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Thouin, Alena (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Gounden, Pratima (ENERGY)
Subject: RE: MOU between OFA and Energy

Hi Graham,

Thanks for the feedback. We are good with your edits to section 2. In addition, we made some formatting edits to 2) Payment Process, updated section 7) Contacts, and minor revision to Schedule C. If you are good with the attached version, we can move forward with the execution.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Thursday, November 30, 2017 4:58 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: RE: MOU between OFA and Energy

Gavin

We were good with the revisions you made yesterday. Some additional minor edits back under section 2.

We circled back and decided to keep the contact names in. Sorry for the back and forth.

Thanks very much for your patience. We're hoping this is the last round of edits before approvals.

Let us know if you have any concerns.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-29-17 5:58 PM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sawwaf, Khareem (ENERGY); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Thouin, Alena (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Gounden, Pratima (ENERGY)
Subject: RE: MOU between OFA and Energy

Hi Graham,

Thanks for the comments. We have reviewed and provided our edits/comments in the attached version.

In addition, I have removed the names and contact information under section 7 and 8, based on the comments from your CAO office.

Please let me know if this works for you.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Wednesday, November 29, 2017 4:32 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: FW: MOU between OFA and Energy

Gavin,

Thank you for accepting our proposed changes. We reviewed and have a few more edits on pages 1-2 of the attached version.

Please let us know if you have any concerns.

Thank you,
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 29, 2017 11:53 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: MOU between OFA and Energy

Hi Shruti,

Attached is the latest version of the MOU that our Legal just provided. I have removed the word "subordinate" in the attached copy on paragraph 4 based on our discussion last Friday.

Here's a summary of the changes:

- Remove the word "subordinate" in paragraph 4
- Added a definition of business day
- Added an acknowledgement of possible future changes to the wire transfer instruction
- Added schedule C and reference to schedule C in the MOU.

Could you please take a look and let me know if you are good with the attached version?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 29, 2017 11:43 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Gavin

My comments on the most recent draft of the MOU which you have provided to me, including my comments on the proposed payment authorization form are attached.

I note that not all of the concerns from MoE of which I am aware (such as the desire to remove the reference to subordinated debt in
Recital 4) are reflected in this draft. Please ensure that any further comments by MoE are made on this draft.

ken

From: Risa Thau
Sent: Monday, November 27, 2017 12:39 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: FW: MOU between OFA and Energy

Hi Ken,

Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Monday, November 27, 2017 12:28 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate
- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA*****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity

Ministry of Economic Development & Growth (MEDG)
Ministry of Energy (ENERGY)
Ministry of Infrastructure (MOI)
Ministry of Research, Innovation & Science (MRIS)

**Fellow of the Chartered Institute of Management Accountants, United Kingdom*
***Chartered Global Management Accountant*

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Christina Zhang
To:	Gavin He
Cc:	Alexander Kraas; John Kim
Subject:	RE: MOU for Equity Injection
Date:	Monday, March 12, 2018 5:21:04 PM
Attachments:	image001.png

Hi Gavin,

Thanks much very much for the explanation. So does that mean the overall discrepancy is not as large as Salvatore mentioned this morning? Would it be $333M less the $265M?

Regards,
Christina

From: Gavin He
Sent: Monday, March 12, 2018 5:04 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Christina,

Sorry I just got some more clarification on this. OPG is actually expecting a purchase of regulatory assets from IESO by the end of March, and about $265M will be funded by OFA through equity injection. And then in April, there will be another purchase, and about $90M will be funded by OFA.

However, please note that those are the best estimates we have based on the information available, and the actual transaction (timing, amount) could be changed for prudency.

Sorry about the confusion, and please let me know if you have any other questions.

Regards,
Gavin He

From: John Kim
Sent: Monday, March 12, 2018 4:49 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Christina,

Gavin will be the point of contact for these things. He will get back to you.

Thanks,

John

From: Christina Zhang
Sent: Monday, March 12, 2018 4:41 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>
Subject: FW: MOU for Equity Injection

Hi John,

FYI. Alex was asking why there was such a discrepancy between the Budget 2018 number that we carried for GA in the financing table versus the actual amount. It's bad timing considering we locked in the numbers for the Document on Friday.

Regards,
Christina

From: Salvatore Alfano
Sent: Monday, March 12, 2018 2:47 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi,

Just saying that the Province may be flowing $333M less than the $853 forecast for 2017-18.

Sal

From: Christina Zhang
Sent: Monday, March 12, 2018 2:39 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Salvatore,

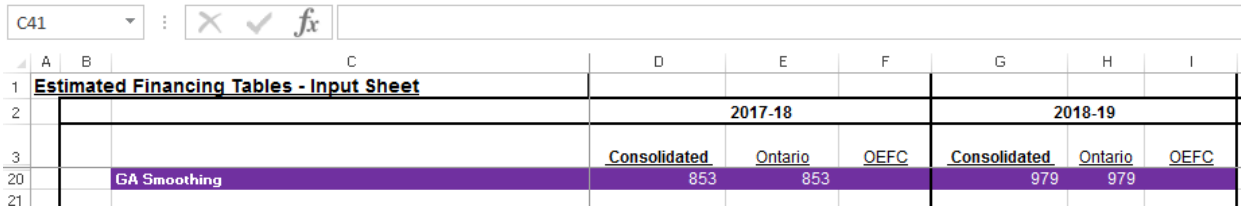
Would you mind clarifying your comment? I believe the $853M for F2017-18 is unchanged from FES.

Regards,
Christina

From: Salvatore Alfano
Sent: Monday, March 12, 2018 2:36 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hello,

As an FYI…..We'll see what happens on this, but $853M may have to be reduced by $333M (forecast for March 2018) for 2017-18 (highlighted in purple below)?



C41

	A	B	C	D	E	F	G	H	I
1	**Estimated Financing Tables - Input Sheet**								
2				2017-18			2018-19		
3				Consolidated	Ontario	OEFC	Consolidated	Ontario	OEFC
20			GA Smoothing	853	853		979	979	
21									

Sal

From: Gavin He
Sent: Monday, March 12, 2018 1:35 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Alfano,

According to the latest update from OPG, they are not expecting to purchase the regulatory assets from IESO until next month, so I don't think there will be an equity injection for this month.

I will keep you posted if I hear anything else.

Regards,
Gavin He

From: Salvatore Alfano
Sent: Monday, March 12, 2018 12:55 PM

To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: FW: MOU for Equity Injection

Hi Gavin,

Alfonso is away for a few weeks – I understand that the Province will be flowing funds for the GA Fair Hydro Plan this month. Is a subscription forthcoming with an amount and timing?

Thanks,

_____
Sal Alfano
Coordinator, Cash Management
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M7A 1Y7
Tel: 416-325-8095
Fax: 416-204-6664

Sal

From: Alfonso Soriano
Sent: Thursday, February 22, 2018 2:02 PM
To: Jensen Chong <Jensen.Chong@ofina.on.ca>; Evengeline Ng <Evengeline.Ng@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Subject: FW: MOU for Equity Injection

FYI

From: Gavin He
Sent: Tuesday, December 19, 2017 11:11 AM
To: Risa Thau
Cc: Alfonso Soriano
Subject: MOU for Equity Injection

Hi Risa,

Here's the final version of the MOU.

Regards,
Gavin He

C41

	A	B	C	D	E	F	G	H	I
1	**Estimated Financing Tables - Input Sheet**								
2				**2017-18**			**2018-19**		
3				**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario	OEFC
20			**GA Smoothing**	853	853		979	979	
21									

From: Gavin He
To: Christina Zhang
Cc: Alexander Kraas; John Kim
Subject: RE: MOU for Equity Injection
Date: Monday, March 12, 2018 5:03:42 PM
Attachments: image001.png

Hi Christina,

Sorry I just got some more clarification on this. OPG is actually expecting a purchase of regulatory assets from IESO by the end of March, and about $265M will be funded by OFA through equity injection. And then in April, there will be another purchase, and about $90M will be funded by OFA.

However, please note that those are the best estimates we have based on the information available, and the actual transaction (timing, amount) could be changed for prudency.

Sorry about the confusion, and please let me know if you have any other questions.

Regards,
Gavin He

From: John Kim
Sent: Monday, March 12, 2018 4:49 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Christina,

Gavin will be the point of contact for these things. He will get back to you.

Thanks,

John

From: Christina Zhang
Sent: Monday, March 12, 2018 4:41 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>
Subject: FW: MOU for Equity Injection

Hi John,

FYI. Alex was asking why there was such a discrepancy between the Budget 2018 number that we carried for GA in the financing table versus the actual amount. It's bad timing considering we locked in the numbers for the Document on Friday.

Regards,
Christina

From: Salvatore Alfano
Sent: Monday, March 12, 2018 2:47 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi,

Just saying that the Province may be flowing $333M less than the $853 forecast for 2017-18.

Sal

From: Christina Zhang
Sent: Monday, March 12, 2018 2:39 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Salvatore,

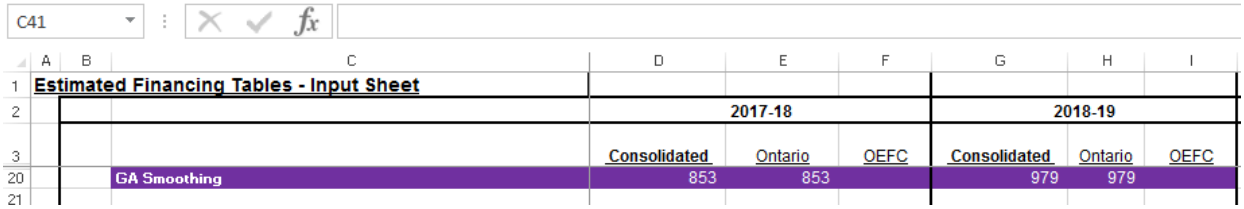
Would you mind clarifying your comment? I believe the $853M for F2017-18 is unchanged from FES.

Regards,
Christina

From: Salvatore Alfano
Sent: Monday, March 12, 2018 2:36 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hello,

As an FYI…..We'll see what happens on this, but $853M may have to be reduced by $333M (forecast for March 2018) for 2017-18 (highlighted in purple below)?



C41

	A	B	C	D	E	F	G	H	I
1	**Estimated Financing Tables - Input Sheet**								
2				**2017-18**			**2018-19**		
3				**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario	OEFC
20			**GA Smoothing**	853	853		979	979	
21									

Sal

From: Gavin He
Sent: Monday, March 12, 2018 1:35 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Alfano,

According to the latest update from OPG, they are not expecting to purchase the regulatory assets from IESO until next month, so I don't think there will be an equity injection for this month.

I will keep you posted if I hear anything else.

Regards,
Gavin He

From: Salvatore Alfano
Sent: Monday, March 12, 2018 12:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: FW: MOU for Equity Injection

Hi Gavin,

Alfonso is away for a few weeks – I understand that the Province will be flowing funds for the GA Fair Hydro Plan this month. Is a subscription forthcoming with an amount and timing?

Thanks,

Sal Alfano
Coordinator, Cash Management
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M7A 1Y7
Tel: 416-325-8095
Fax: 416-204-6664

Sal

From: Alfonso Soriano
Sent: Thursday, February 22, 2018 2:02 PM
To: Jensen Chong <Jensen.Chong@ofina.on.ca>; Evengeline Ng <Evengeline.Ng@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Subject: FW: MOU for Equity Injection

FYI

From: Gavin He
Sent: Tuesday, December 19, 2017 11:11 AM
To: Risa Thau
Cc: Alfonso Soriano
Subject: MOU for Equity Injection

Hi Risa,

Here's the final version of the MOU.

Regards,
Gavin He

C41

	A	B	C	D	E	F	G	H	I
1	**Estimated Financing Tables - Input Sheet**								
2				**2017-18**			**2018-19**		
3				**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario	OEFC
20			**GA Smoothing**	853	853		979	979	
21									

From: Gavin He
To: Christina Zhang
Cc: Alexander Kraas; John Kim
Subject: RE: MOU for Equity Injection
Date: Monday, March 12, 2018 5:30:49 PM
Attachments: image001.png

Hi Christina,

Yes, that's correct. But please note that these are the estimates and subject to changes.

Regards,
Gavin He

From: Christina Zhang
Sent: Monday, March 12, 2018 5:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Gavin,

Thanks much very much for the explanation. So does that mean the overall discrepancy is not as large as Salvatore mentioned this morning? Would it be $333M less the $265M?

Regards,
Christina

From: Gavin He
Sent: Monday, March 12, 2018 5:04 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Christina,

Sorry I just got some more clarification on this. OPG is actually expecting a purchase of regulatory assets from IESO by the end of March, and about $265M will be funded by OFA through equity injection. And then in April, there will be another purchase, and about $90M will be funded by OFA.

However, please note that those are the best estimates we have based on the information available, and the actual transaction (timing, amount) could be changed for prudency.

Sorry about the confusion, and please let me know if you have any other questions.

Regards,
Gavin He

From: John Kim
Sent: Monday, March 12, 2018 4:49 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Christina,

Gavin will be the point of contact for these things. He will get back to you.

Thanks,

John

From: Christina Zhang
Sent: Monday, March 12, 2018 4:41 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>
Subject: FW: MOU for Equity Injection

Hi John,

FYI. Alex was asking why there was such a discrepancy between the Budget 2018 number that we carried for GA in the financing table versus the actual amount. It's bad timing considering we locked in the numbers for the Document on Friday.

Regards,
Christina

From: Salvatore Alfano
Sent: Monday, March 12, 2018 2:47 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi,

Just saying that the Province may be flowing $333M less than the $853 forecast for 2017-18.

Sal

From: Christina Zhang
Sent: Monday, March 12, 2018 2:39 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Salvatore,

Would you mind clarifying your comment? I believe the $853M for F2017-18 is unchanged from FES.

Regards,
Christina

From: Salvatore Alfano
Sent: Monday, March 12, 2018 2:36 PM
To: Christina Zhang <Christina.Zhang@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hello,

As an FYI…..We'll see what happens on this, but $853M may have to be reduced by $333M (forecast for March 2018) for 2017-18 (highlighted in purple below)?

C41

	A	B	C	D	E	F	G	H	I
1	**Estimated Financing Tables - Input Sheet**								
2				**2017-18**			**2018-19**		
3				**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario	OEFC
20			**GA Smoothing**	853	853		979	979	
21									

Sal

From: Gavin He
Sent: Monday, March 12, 2018 1:35 PM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: MOU for Equity Injection

Hi Alfano,

According to the latest update from OPG, they are not expecting to purchase the regulatory assets from IESO until next month, so I don't think there will be an equity injection for this month.

I will keep you posted if I hear anything else.

Regards,
Gavin He

From: Salvatore Alfano
Sent: Monday, March 12, 2018 12:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: FW: MOU for Equity Injection

Hi Gavin,

Alfonso is away for a few weeks – I understand that the Province will be flowing funds for the GA Fair Hydro Plan this month. Is a subscription forthcoming with an amount and timing?

Thanks,

_____
Sal Alfano
Coordinator, Cash Management
Ontario Financing Authority
1 Dundas Street West, Suite 1400
Toronto, Ontario M7A 1Y7
Tel: 416-325-8095
Fax: 416-204-6664

Sal

From: Alfonso Soriano
Sent: Thursday, February 22, 2018 2:02 PM
To: Jensen Chong <Jensen.Chong@ofina.on.ca>; Evengeline Ng <Evengeline.Ng@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Subject: FW: MOU for Equity Injection

FYI

From: Gavin He
Sent: Tuesday, December 19, 2017 11:11 AM
To: Risa Thau
Cc: Alfonso Soriano
Subject: MOU for Equity Injection

Hi Risa,

Here's the final version of the MOU.

Regards,
Gavin He

C41

	A	B	C	D	E	F	G	H	I
1	**Estimated Financing Tables - Input Sheet**								
2				**2017-18**			**2018-19**		
3				**Consolidated**	Ontario	OEFC	**Consolidated**	Ontario	OEFC
20			**GA Smoothing**	853	853		979	979	
21									

From:	Risa Thau
To:	Graham Young (MOI)
Cc:	Ken Kandeepan; John Psinas; John Kim; Gavin He; Bruno Amara; Asokan Sadasivan (MEDTE/MRI)
Subject:	RE: Memo Authorizing Wire Payment to OPG for Share Subscription
Date:	Monday, December 18, 2017 1:55:15 PM

Hi Graham,

I may not have been clear. We require the value date of the payment in the body of the instructions.

Thanks,

Risa Thau
Email Address: risa.thau@ofina.on.ca
Telephone number: 416-325-6879

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, December 18, 2017 12:48 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: RE: Memo Authorizing Wire Payment to OPG for Share Subscription

Risa

Dated memo attached.

Thank you
Graham

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: December-18-17 11:50 AM
To: Young, Graham (ENERGY)
Cc: Kandeepan, Ken (OFA); John Psinas; Kim, John (OFA); He, Gavin (OFA); Bruno Amara; Sadasivan, Asokan (MEDG/MRIS)
Subject: Memo Authorizing Wire Payment to OPG for Share Subscription
Importance: High

Hi Graham,

I just looked at the attached document, authorizing the OFA to wire the payment to OPG for the Share Subscription. It is missing the date. Can you please add this and have the document signed again. As well, for future instructions please add the following email addresses:

Settlement@ofina.on.ca

CashP@ofina.on.ca

Thanks,

Risa Thau
Manager, Settlements, Payments & Fiscal Agency
Finance and Treasury Division
Ontario Financing Authority

Telephone number: 416-325-6879
Fax number: 416-204-7945
Email address: risa.thau@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Young, Graham (ENERGY)
To:	Risa Thau
Cc:	Ken Kandeepan; John Psinas; John Kim; Gavin He; Bruno Amara; Asokan Sadasivan (MEDTE/MRI)
Subject:	RE: Memo Authorizing Wire Payment to OPG for Share Subscription
Date:	Monday, December 18, 2017 12:48:01 PM
Attachments:	2017-12-20- Memo Authorizing Funds.pdf

Risa

Dated memo attached.

Thank you
Graham

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: December-18-17 11:50 AM
To: Young, Graham (ENERGY)
Cc: Kandeepan, Ken (OFA); John Psinas; Kim, John (OFA); He, Gavin (OFA); Bruno Amara; Sadasivan, Asokan (MEDG/MRIS)
Subject: Memo Authorizing Wire Payment to OPG for Share Subscription
Importance: High

Hi Graham,

I just looked at the attached document, authorizing the OFA to wire the payment to OPG for the Share Subscription. It is missing the date. Can you please add this and have the document signed again. As well, for future instructions please add the following email addresses:

Settlement@ofina.on.ca

CashP@ofina.on.ca

Thanks,

Risa Thau
Manager, Settlements, Payments & Fiscal Agency
Finance and Treasury Division
Ontario Financing Authority

Telephone number: 416-325-6879
Fax number: 416-204-7945
Email address: risa.thau@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 326-5572

Ministère de l'Énergie

77, rue Grenville
6e étage
Toronto ON M7A 2C1

Tél: (416) 326-5572

Ontario

December 18, 2017

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of $518,760,000 to Ontario Power Generation Inc. (OPG) as consideration for the subscription for 12,217,616 Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

From:	Young, Graham (ENERGY)
To:	Risa Thau
Cc:	Ken Kandeepan; John Psinas; John Kim; Gavin He; Bruno Amara; Asokan Sadasivan (MEDTE/MRI); Talwar, Shruti (ENERGY)
Subject:	RE: Memo Authorizing Wire Payment to OPG for Share Subscription
Date:	Monday, December 18, 2017 4:53:50 PM
Attachments:	2017-12-20- Memo Authorizing Funds.pdf

Risa

Dec 20 date added to the body as discussed.

Thank you
Graham

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: December-18-17 1:55 PM
To: Young, Graham (ENERGY)
Cc: Kandeepan, Ken (OFA); John Psinas; Kim, John (OFA); He, Gavin (OFA); Bruno Amara; Sadasivan, Asokan (MEDG/MRIS)
Subject: RE: Memo Authorizing Wire Payment to OPG for Share Subscription

Hi Graham,

I may not have been clear. We require the value date of the payment in the body of the instructions.

Thanks,

Risa Thau
Email Address: risa.thau@ofina.on.ca
Telephone number: 416-325-6879

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, December 18, 2017 12:48 PM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: RE: Memo Authorizing Wire Payment to OPG for Share Subscription

Risa

Dated memo attached.

Thank you
Graham

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: December-18-17 11:50 AM
To: Young, Graham (ENERGY)
Cc: Kandeepan, Ken (OFA); John Psinas; Kim, John (OFA); He, Gavin (OFA); Bruno Amara; Sadasivan, Asokan (MEDG/MRIS)
Subject: Memo Authorizing Wire Payment to OPG for Share Subscription
Importance: High

Hi Graham,

I just looked at the attached document, authorizing the OFA to wire the payment to OPG for the Share Subscription. It is missing the date. Can you please add this and have the document signed again. As well, for future instructions please add the following email addresses:

Settlement@ofina.on.ca

CashP@ofina.on.ca

Thanks,

Risa Thau
Manager, Settlements, Payments & Fiscal Agency
Finance and Treasury Division
Ontario Financing Authority

Telephone number: 416-325-6879
Fax number: 416-204-7945
Email address: risa.thau@ofina.on.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Ministry of Energy

77 Grenville Street
6th Floor
Toronto ON M7A 2C1

Tel: (416) 326-5572

Ministère de l'Énergie

77, rue Grenville
6e étage
Toronto ON M7A 2C1

Tél: (416) 326-5572

Ontario

December 18, 2017

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of $518,760,000 to Ontario Power Generation Inc. (OPG) on December 20, 2017 as consideration for the subscription for 12,217,616 Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Carolyn Calwell, Assistant Deputy Minister
Strategic, Network and Agency Policy

From: Ronald Kwan
To: John Kim
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
Date: Friday, July 28, 2017 9:29:49 AM

Thanks John.

I might think the term of records retention could be for x years following the time of the last redemption of the new class of shares for this purpose.

Ron

From: John Kim
Sent: July-28-17 07:52
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: OFA - MoE MOU Fair Hydro Plan(v3).docx

Fyi, and I will get this back to Energy.

From: Kenneth Russell
Sent: Thursday, July 27, 2017 4:44 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

John

Attached is a further mark-up of the draft MOU as well as a clean copy.

Ken

From: John Kim
Sent: Thursday, July 27, 2017 3:01 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken,

Ron had some suggestions/edits.

Thanks,

John

As for Risa's question, I believe the handling of the Class A share (custodian, etc.) for the equity injection is outside the scope of the agreement with Energy handling that. Energy, as a sole shareholder, holds the shares today (I understand physically in their vault).

From: Risa Thau
Sent: Thursday, July 27, 2017 11:21 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Everyone,

Can someone please answer my questions that I sent on July 24th, as per attached email.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Thursday, July 27, 2017 11:09 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: Re: OFA - MoE MOU Fair Hydro Plan(v3).docx

John

In the MOU the MoE is defined as the Minister rather than as the Ministry. This is because that is the way that MoE is defined in the MoE - OPG draft agreement. I used this defined term for consistency. The typical OFA MOUs use the defined term Ministry. I would be happy to make the change if you wish.

My own preference is to use Ministry. As noted I only used Minister to parallel the other agreement.

Let me know what you would prefer.

I also need to add a provision to reflect Ken's concern about the OFA receiving confirmation that there is a sufficient appropriated amount for each payment.

Ken

Sent from my iPhone

On Jul 27, 2017, at 9:24 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Looks great to me too. I will try to move this soon but had one question for Ken R. The draft has Minister as the counterparty to the agreement. I am okay with it but in various sections, it refers to the Minister throughout for operational items. Could these sections reference the Ministry, instead of the Minister.
>
> John
>
> ---
>
> **From:** Risa Thau
> **Sent:** Monday, July 24, 2017 4:49 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
> **Subject:** RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
>
> Hi Everyone,
>
> I've read over the MOU and have some questions and comments attached.
>
> Thanks,
>
> Risa Thau
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Saturday, July 22, 2017 4:52 PM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
> **Subject:** OFA - MoE MOU Fair Hydro Plan(v3).docx
>
> Hi Ken
>
> This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.
>
> Thanks
> Ken k

From:	Kenneth Russell
To:	John Kim
Cc:	Ken Kandeepan; John Psinas; George Sakura; Risa Thau
Subject:	RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
Date:	Thursday, July 27, 2017 4:44:27 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan(v6).docx OFA - MoE MOU Fair Hydro Plan(v6)clean.docx

---

John

Attached is a further mark-up of the draft MOU as well as a clean copy.

Ken

From: John Kim
Sent: Thursday, July 27, 2017 3:01 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken,

Ron had some suggestions/edits.

Thanks,

John

As for Risa's question, I believe the handling of the Class A share (custodian, etc.) for the equity injection is outside the scope of the agreement with Energy handling that. Energy, as a sole shareholder, holds the shares today (I understand physically in their vault).

From: Risa Thau
Sent: Thursday, July 27, 2017 11:21 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Everyone,

Can someone please answer my questions that I sent on July 24th, as per attached email.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Thursday, July 27, 2017 11:09 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: Re: OFA - MoE MOU Fair Hydro Plan(v3).docx

John

In the MOU the MoE is defined as the Minister rather than as the Ministry. This is because that is the way that MoE is defined in the MoE - OPG draft agreement. I used this defined term for consistency. The typical OFA MOUs use the defined term Ministry. I would be happy to make the change if you wish.

My own preference is to use Ministry. As noted I only used Minister to parallel the other agreement.

Let me know what you would prefer.

I also need to add a provision to reflect Ken's concern about the OFA receiving confirmation that there is a sufficient appropriated amount for each payment.

Ken

Sent from my iPhone

On Jul 27, 2017, at 9:24 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Looks great to me too. I will try to move this soon but had one question for Ken R. The draft has Minister as the counterparty to the agreement. I am okay with it but in various sections, it refers to the Minister throughout for operational items. Could these sections reference the Ministry, instead of the Minister.
>
> John
>
> ---
>
> **From:** Risa Thau
> **Sent:** Monday, July 24, 2017 4:49 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
> **Subject:** RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
>
> Hi Everyone,

I've read over the MOU and have some questions and comments attached.

Thanks,

Risa Thau

From: Ken Kandeepan
Sent: Saturday, July 22, 2017 4:52 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken

This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.

Thanks
Ken k

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets maywill be acquired from the Independent Electricity System Operator ("IESO") by one or morethe Fair Hydro Trust, a special purpose financing entitiesy, under the Act (the "Financing Entity"), established by OPG to implement the FHP(each an "OPG Financing Entity"), which isare expected to include a Fair Hydro Trust.

3. An OPG Financing EntityThe Fair Hydro Trust willis expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fundprovide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity'sthe Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

Commented [RK1]: Should this be written more generally, to reflect the flexibility in the Act? Or, is the preference to do a new MOU for each OPG financing entity? If so, why?

KGR: The changes are fine. The first draft was taken from the draft Master Subscription Agreement

7. Each month OPG will deliver to the ~~Ministry of Energy (the "Ministry")~~Minister a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed ~~to~~for by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose ~~("Appropriated Amount")~~ for the fiscal year in which the payment is made ("Appropriated Amount"). ~~;~~

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date").

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister. ~~;~~

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

~~-~~

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

Commented [GH2]: Ministry of Energy or the Minister?

KGR: The defined term for Ministry of Energy in this agreement is Minister

Commented [RK3]: Is a timeframe to be specified?

KGR: a placeholder for the time to deliver the certificate has been added

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined ~~Ministerry of Energy~~Minister account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

Formatted: Indent: Left: 0.03", Keep with next

Commented [KR4]: In this agreement the defined term for Ministry of Energy is "Minister".

Commented [RK5]: Why seven?

KGR: This is the term commonly adopted in OFA MOUs

Commented [RK6]: Should the MOU specify the Ministry's record keeping obligations under the MOU, or does it rely on normal record keeping requirements for the OPS?

KGR: Since the OFA is providing the service under this MOU the concern is with OFA record maintenance.

Commented [KK7]: I am just a little concerned by this, if we make a payment and there's insufficient appropriations there is a really significant issue. Hence we need to incorporate some control mechanism that ensures along with the Share subscription delivered to us there's some kind of assurance by MOE that sufficient funds exist within the relevant appropriation to cover the upcoming payment.

Commented [RK8R7]: I believe under ONFA, when OPG makes a disbursement request, an OPG Officer has to certify that there is sufficient room under the Approved ONFA Budget. Should Energy be required to do the same in this instance? If so, would the wording in this section need to specify that the onus is still on Energy to verify the correctness of such an internal certification?

KGR: a requirement for MoE to confirm that there are sufficient appropriated amounts for each payment has been added.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Minister a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date").

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister.

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minister account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From: Kenneth Russell
To: John Kim
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
Date: Thursday, July 27, 2017 4:04:54 PM

John

I am working on a further draft. I am not sure that I see Ron's comments in what you sent me.

Ken

From: John Kim
Sent: Thursday, July 27, 2017 3:01 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken,

Ron had some suggestions/edits.

Thanks,

John

As for Risa's question, I believe the handling of the Class A share (custodian, etc.) for the equity injection is outside the scope of the agreement with Energy handling that. Energy, as a sole shareholder, holds the shares today (I understand physically in their vault).

From: Risa Thau
Sent: Thursday, July 27, 2017 11:21 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Everyone,

Can someone please answer my questions that I sent on July 24th, as per attached email.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Thursday, July 27, 2017 11:09 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: Re: OFA - MoE MOU Fair Hydro Plan(v3).docx

John

In the MOU the MoE is defined as the Minister rather than as the Ministry. This is because that is the way that MoE is defined in the MoE - OPG draft agreement. I used this defined term for consistency. The typical OFA MOUs use the defined term Ministry. I would be happy to make the change if you wish.

My own preference is to use Ministry. As noted I only used Minister to parallel the other agreement.

Let me know what you would prefer.

I also need to add a provision to reflect Ken's concern about the OFA receiving confirmation that there is a sufficient appropriated amount for each payment.

Ken

Sent from my iPhone

On Jul 27, 2017, at 9:24 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Looks great to me too. I will try to move this soon but had one question for Ken R. The draft has Minister as the counterparty to the agreement. I am okay with it but in various sections, it refers to the Minister throughout for operational items. Could these sections reference the Ministry, instead of the Minister.
>
> John
>
> ---
>
> **From:** Risa Thau
> **Sent:** Monday, July 24, 2017 4:49 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
> **Subject:** RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
>
> Hi Everyone,
>
> I've read over the MOU and have some questions and comments attached.

Thanks,

Risa Thau

From: Ken Kandeepan
Sent: Saturday, July 22, 2017 4:52 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken

This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.

Thanks
Ken k

From:	Risa Thau
To:	Kenneth Russell; John Kim
Cc:	Ken Kandeepan; John Psinas; George Sakura
Subject:	RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
Date:	Thursday, July 27, 2017 11:21:23 AM
Attachments:	RE OFA - MoE MOU Fair Hydro Plan(v3).docx.msg

Hi Everyone,

Can someone please answer my questions that I sent on July 24th, as per attached email.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Thursday, July 27, 2017 11:09 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: Re: OFA - MoE MOU Fair Hydro Plan(v3).docx

John

In the MOU the MoE is defined as the Minister rather than as the Ministry. This is because that is the way that MoE is defined in the MoE - OPG draft agreement. I used this defined term for consistency. The typical OFA MOUs use the defined term Ministry. I would be happy to make the change if you wish.

My own preference is to use Ministry. As noted I only used Minister to parallel the other agreement.

Let me know what you would prefer.

I also need to add a provision to reflect Ken's concern about the OFA receiving confirmation that there is a sufficient appropriated amount for each payment.

Ken

Sent from my iPhone

On Jul 27, 2017, at 9:24 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Looks great to me too. I will try to move this soon but had one question for Ken R. The draft has Minister as the counterparty to the agreement. I am okay with it but in various sections, it refers to the Minister throughout for operational items. Could these sections reference the Ministry, instead of the Minister.

John

From: Risa Thau
Sent: Monday, July 24, 2017 4:49 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Everyone,

I've read over the MOU and have some questions and comments attached.

Thanks,

Risa Thau

From: Ken Kandeepan
Sent: Saturday, July 22, 2017 4:52 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken

This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.

Thanks
Ken k

From: Risa Thau []
To: Ken Kandeepan [Ken.Kandeepan@ofina.on.ca]; Kenneth Russell [Kenneth.Russell@ofina.on.ca]
CC: John Psinas [John.Psinas@ofina.on.ca]; John Kim [John.Kim@ofina.on.ca]; George Sakura [George.Sakura@ofina.on.ca]
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
Date: Monday, July 24, 2017 16:49:04
Attachment 1: OFA - MoE MOU Fair Hydro Plan(v3) - with Risa Thau's comments and questions.docx

---

Hi Everyone,

I've read over the MOU and have some questions and comments attached.

Thanks,

Risa Thau

From: Ken Kandeepan
Sent: Saturday, July 22, 2017 4:52 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken

This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.

Thanks

Ken k

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") create certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the Fair Hydro Trust, a special purpose financing entity established by OPG to implement the FHP

3. The Fair Hydro Trust will acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed by the Minister.

Commented [RT1]: Will the Class A Shares be book-based and issued by OPG's fiscal agent, Computershare, or are the shares physical and issued directly by OPG? Where will the shares be delivered – the Province's custodian, currently CIBC Mellon, or the OFA (if the shares are physical).Will the OFA hold the shares in a Provincial account at our custodian or in the OFA's vault if in physical format?

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose ("Appropriated Amount") for the fiscal year in which the payment is made;

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date")

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister;

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. Upon receipt of the executed and approved Share Subscription the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minist~~e~~ry of Energy ~~-~~account immediately upon the completion of the Subscription Payment or shortly thereafter.

Commented [RT2]: Usually when the OFA makes a payment for a ministry, we book a debit entry to an Accounts Receivable Miscellaneous and the appropriate Ministry books a corresponding credit entry.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

Commented [KK3]: I am just a little concerned by this, if we make a payment and there's insufficient appropriations there is a really significant issue. Hence we need to incorporate some control mechanism that ensures along with the Share subscription delivered to us there's some kind of assurance by MOE that sufficient funds exist within the relevant appropriation to cover the upcoming payment.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and

approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:

Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From:	Gavin He
To:	John Kim; Shajee Kathirgamanathan
Subject:	RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
Date:	Thursday, July 27, 2017 9:25:17 AM
Attachments:	OFA - MoE MOU Fair Hydro Plan(v3) - with Risa Thau"s comments and questions_CEFD.docx

Hi John,

I just have one comment on paragraph 7, saved it under below folder:

S:\Users\CEF\Hydro 2017\Electricity Prices\Mitigation Proposals\Debt Financing the GA\Implementation\MOU

I am not sure why the Minister is signing, but it seems that this is a MOU between the Minister and OFA, not MoE and OFA, so might be why the Minster is signing.

Regards,
Gavin He

From: John Kim
Sent: Thursday, July 27, 2017 9:00 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFA - MoE MOU Fair Hydro Plan(v3).docx

I think it looks fine. My only comment is why it is the Minister signing.

John

From: Risa Thau
Sent: Monday, July 24, 2017 4:49 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Everyone,

I've read over the MOU and have some questions and comments attached.

Thanks,

Risa Thau

From: Ken Kandeepan

Sent: Saturday, July 22, 2017 4:52 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken

This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.

Thanks
Ken k

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") create certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the Fair Hydro Trust, a special purpose financing entity established by OPG to implement the FHP

3. The Fair Hydro Trust will acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed by the Minister.

Commented [GH1]: Ministry of Energy or the Minister?

Commented [RT2]: Will the Class A Shares be book-based and issued by OPG's fiscal agent, Computershare, or are the shares physical and issued directly by OPG? Where will the shares be delivered – the Province's custodian, currently CIBC Mellon, or the OFA (if the shares are physical).Will the OFA hold the shares in a Provincial account at our custodian or in the OFA's vault if in physical format?

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose ("Appropriated Amount") for the fiscal year in which the payment is made;

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date")

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister;

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. Upon receipt of the executed and approved Share Subscription the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minist~~er~~ry of Energy ~~-~~account immediately upon the completion of the Subscription Payment or shortly thereafter.

Commented [RT3]: Usually when the OFA makes a payment for a ministry, we book a debit entry to an Accounts Receivable Miscellaneous and the appropriate Ministry books a corresponding credit entry.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

Commented [KK4]: I am just a little concerned by this, if we make a payment and there's insufficient appropriations there is a really significant issue. Hence we need to incorporate some control mechanism that ensures along with the Share subscription delivered to us there's some kind of assurance by MOE that sufficient funds exist within the relevant appropriation to cover the upcoming payment.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and

approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:

Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From: Ronald Kwan
To: John Kim
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
Date: Friday, July 28, 2017 9:42:29 AM

Hi John,

I was thinking about OFA's record retention obligation.

It could be an internal rule, but it seems reasonable for the government to have records so long as it holds the additional class of shares.

Ron

From: John Kim
Sent: July-28-17 09:40
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ron,

Are you referring to the OFA's obligation? I was thinking that if so, we could set that operational rule internally.

Thanks,

John

From: Ronald Kwan
Sent: Friday, July 28, 2017 9:30 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Thanks John.

I might think the term of records retention could be for x years following the time of the last redemption of the new class of shares for this purpose.

Ron

From: John Kim
Sent: July-28-17 07:52
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: OFA - MoE MOU Fair Hydro Plan(v3).docx

Fyi, and I will get this back to Energy.

From: Kenneth Russell
Sent: Thursday, July 27, 2017 4:44 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

John

Attached is a further mark-up of the draft MOU as well as a clean copy.

Ken

From: John Kim
Sent: Thursday, July 27, 2017 3:01 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken,

Ron had some suggestions/edits.

Thanks,

John

As for Risa's question, I believe the handling of the Class A share (custodian, etc.) for the equity injection is outside the scope of the agreement with Energy handling that. Energy, as a sole shareholder, holds the shares today (I understand physically in their vault).

From: Risa Thau
Sent: Thursday, July 27, 2017 11:21 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Everyone,

Can someone please answer my questions that I sent on July 24th, as per attached email.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Thursday, July 27, 2017 11:09 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: Re: OFA - MoE MOU Fair Hydro Plan(v3).docx

John

In the MOU the MoE is defined as the Minister rather than as the Ministry. This is because that is the way that MoE is defined in the MoE - OPG draft agreement. I used this defined term for consistency. The typical OFA MOUs use the defined term Ministry. I would be happy to make the change if you wish.

My own preference is to use Ministry. As noted I only used Minister to parallel the other agreement.

Let me know what you would prefer.

I also need to add a provision to reflect Ken's concern about the OFA receiving confirmation that there is a sufficient appropriated amount for each payment.

Ken

Sent from my iPhone

On Jul 27, 2017, at 9:24 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Looks great to me too. I will try to move this soon but had one question for Ken R. The draft has Minister as the counterparty to the agreement. I am okay with it but in various sections, it refers to the Minister throughout for operational items. Could these sections reference the Ministry, instead of the Minister.
>
> John
>
> ---
>
> **From:** Risa Thau
> **Sent:** Monday, July 24, 2017 4:49 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>

Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Everyone,

I've read over the MOU and have some questions and comments attached.

Thanks,

Risa Thau

From: Ken Kandeepan
Sent: Saturday, July 22, 2017 4:52 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken

This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.

Thanks
Ken k

From: Gavin He
To: John Kim
Subject: RE: OFA - MoE MOU re FHP
Date: Friday, November 03, 2017 4:55:07 PM

Hi John,

Yes, I am working on the draft and will run it by Ken when it's done.

Regards,
Gavin He

From: John Kim
Sent: Friday, November 03, 2017 4:54 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFA - MoE MOU re FHP

Could you also draft a form and run by Ken R?

John

From: Kenneth Russell
Sent: Wednesday, November 01, 2017 11:45 AM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFA - MoE MOU re FHP

John and Ken

With respect to the form of the FAA Section 11.4 certificate I would note that since the payment by MoE is not in respect of goods or services the certificate must be delivered under section 11.4 (c). It may be more difficult to find a precedent for a certificate under this provision than it is to find one for a certificate provided under sections 11.4 (a) or (b).

Section 11.4 of the FAA is reproduced below.

Certificate for payments
11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,
(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,
(i) the payment is in accordance with the agreement, or
(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in

the agreement;
(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or
(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

It should also be noted that ony the following persons may deliver the certificate.

Persons authorized to certify payments
(2) Only the following persons have authority to give a certificate under subsection (1):
1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

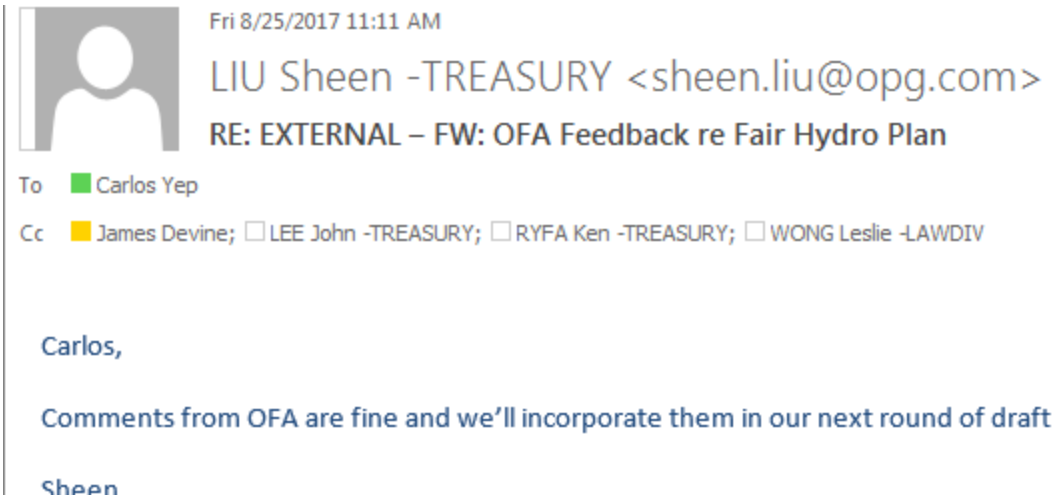
Ken

From:	Katona, Keley (MOF)
To:	Carlos Yep; Montgomery, Kaitlin (MOF); Ken Kandeepan; Mike Manning; John Kim; John Psinas
Cc:	James Devine
Subject:	RE: OFA Feedback re Fair Hydro Plan - Sub Debt
Date:	Friday, August 25, 2017 12:19:39 PM
Attachments:	image001.png

Can we say end of September for this to be finalized? It doesn't need to be precise, we're just looking for a timeline to populate a document that lists outstanding business decisions.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: August 25, 2017 11:19 AM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Devine, James (OFA) <James.Devine@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan - Sub Debt

Hi
OPG will incorporate the OFA recommendations in the next round of drafts.
Thanks
Carlos



Fri 8/25/2017 11:11 AM

LIU Sheen -TREASURY <sheen.liu@opg.com>

RE: EXTERNAL – FW: OFA Feedback re Fair Hydro Plan

To Carlos Yep

Cc James Devine; LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV

Carlos,

Comments from OFA are fine and we'll incorporate them in our next round of draft

Sheen

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, August 25, 2017 10:25 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas

<John.Psinas@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan - Sub Debt

Thank you for the update. Wondering if there is an ETA on when this will be (or has to be) finalized.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: August 25, 2017 10:20 AM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan - Sub Debt

Hi Kaitlin,
Yes, there is still some work to be done on the Sub-Debt.

The OFA has not seen any revised documents from OPG. With Attached is the email from Ken Kandeepan to Sheen Liu at OPG on July 31 that dealt only with the Sub-Debt and Performance Fees with one major change and some other recommendations, Ken did clarify with Sheen that the OFA could not comment on the fix fee.

The main point is that it should be between OPG, Fair Hydro Trust and the Ministry of Energy.

Regards
Carlos

From: Ken Kandeepan
Sent: Monday, July 31, 2017 4:20 PM
To: 'LIU Sheen -TREASURY' <sheen.liu@opg.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan

Hi Sheen

Pls find attached our comments on each document. Happy to discuss along with my colleagues from our Capital Markets Division who are cc'ed.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: OFA Feedback re Fair Hydro Plan

Ken,

Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.

Regards

Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.

Pls proceed accordingly.

Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations

Hi Ken,

My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.

Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

---

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me

by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Fri 8/25/2017 11:11 AM

LIU Sheen -TREASURY <sheen.liu@opg.com>

RE: EXTERNAL – FW: OFA Feedback re Fair Hydro Plan

To Carlos Yep

Cc James Devine; LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV

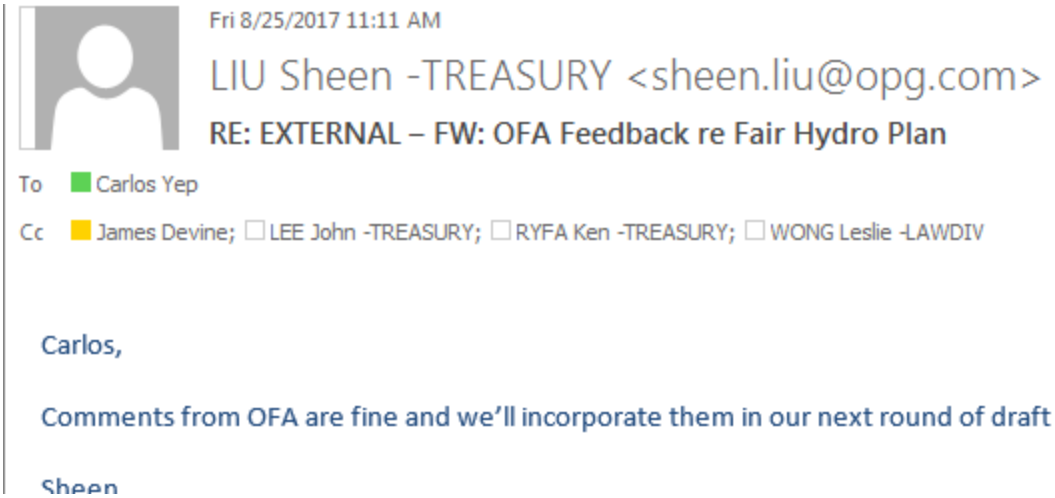
Carlos,

Comments from OFA are fine and we'll incorporate them in our next round of draft

Sheen

From: Carlos Yep
To: Keley Katona (ENERGY); Montgomery, Kaitlin (MOF); Ken Kandeepan; Mike Manning; John Kim; John Psinas
Cc: James Devine
Subject: RE: OFA Feedback re Fair Hydro Plan - Sub Debt
Date: Friday, August 25, 2017 11:19:25 AM
Attachments: image001.png

Hi
OPG will incorporate the OFA recommendations in the next round of drafts.
Thanks
Carlos



From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, August 25, 2017 10:25 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan - Sub Debt

Thank you for the update. Wondering if there is an ETA on when this will be (or has to be) finalized.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: August 25, 2017 10:20 AM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Devine, James (OFA)

<James.Devine@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan - Sub Debt

Hi Kaitlin,
Yes, there is still some work to be done on the Sub-Debt.

The OFA has not seen any revised documents from OPG. With Attached is the email from Ken Kandeepan to Sheen Liu at OPG on July 31 that dealt only with the Sub-Debt and Performance Fees with one major change and some other recommendations, Ken did clarify with Sheen that the OFA could not comment on the fix fee.

The main point is that it should be between OPG, Fair Hydro Trust and the Ministry of Energy.

Regards
Carlos

From: Ken Kandeepan
Sent: Monday, July 31, 2017 4:20 PM
To: 'LIU Sheen -TREASURY' <sheen.liu@opg.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan

Hi Sheen

Pls find attached our comments on each document. Happy to discuss along with my colleagues from our Capital Markets Division who are cc'ed.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: OFA Feedback re Fair Hydro Plan

Ken,

Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you

please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.

Regards

Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.

Pls proceed accordingly.

Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN

& C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations

Hi Ken,

My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.

Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

---

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you

are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Fri 8/25/2017 11:11 AM

LIU Sheen -TREASURY <sheen.liu@opg.com>

RE: EXTERNAL – FW: OFA Feedback re Fair Hydro Plan

To Carlos Yep

Cc James Devine; LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV

Carlos,

Comments from OFA are fine and we'll incorporate them in our next round of draft

Sheen

From:	Katona, Keley (MOF)
To:	Carlos Yep; Montgomery, Kaitlin (MOF); Ken Kandeepan; Mike Manning; John Kim; John Psinas
Cc:	James Devine
Subject:	RE: OFA Feedback re Fair Hydro Plan - Sub Debt
Date:	Friday, August 25, 2017 10:24:58 AM

Thank you for the update. Wondering if there is an ETA on when this will be (or has to be) finalized.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: August 25, 2017 10:20 AM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan - Sub Debt

Hi Kaitlin,
Yes, there is still some work to be done on the Sub-Debt.

The OFA has not seen any revised documents from OPG. With Attached is the email from Ken Kandeepan to Sheen Liu at OPG on July 31 that dealt only with the Sub-Debt and Performance Fees with one major change and some other recommendations, Ken did clarify with Sheen that the OFA could not comment on the fix fee.

The main point is that it should be between OPG, Fair Hydro Trust and the Ministry of Energy.

Regards
Carlos

From: Ken Kandeepan
Sent: Monday, July 31, 2017 4:20 PM
To: 'LIU Sheen -TREASURY' <sheen.liu@opg.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan

Hi Sheen

Pls find attached our comments on each document. Happy to discuss along with my colleagues from our Capital Markets Division who are cc'ed.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: OFA Feedback re Fair Hydro Plan

Ken,

Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.

Regards

Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the

construction of the benchmark.

Pls proceed accordingly.

Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations

Hi Ken,

My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.

Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

---

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you

are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Carlos Yep
To:	Keley Katona (ENERGY); Montgomery, Kaitlin (MOF); Ken Kandeepan; Mike Manning; John Kim; John Psinas
Cc:	James Devine
Subject:	RE: OFA Feedback re Fair Hydro Plan - Sub Debt
Date:	Friday, August 25, 2017 12:22:15 PM
Attachments:	image001.png

Hi
End of September works
Thanks
Carlos

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, August 25, 2017 12:19 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan - Sub Debt

Can we say end of September for this to be finalized? It doesn't need to be precise, we're just looking for a timeline to populate a document that lists outstanding business decisions.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: August 25, 2017 11:19 AM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Devine, James (OFA) <James.Devine@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan - Sub Debt

Hi
OPG will incorporate the OFA recommendations in the next round of drafts.
Thanks
Carlos

Fri 8/25/2017 11:11 AM

LIU Sheen -TREASURY <sheen.liu@opg.com>

RE: EXTERNAL – FW: OFA Feedback re Fair Hydro Plan

To Carlos Yep

Cc James Devine; LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV

Carlos,

Comments from OFA are fine and we'll incorporate them in our next round of draft

Sheen

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, August 25, 2017 10:25 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: James Devine <James.Devine@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan - Sub Debt

Thank you for the update. Wondering if there is an ETA on when this will be (or has to be) finalized.

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: August 25, 2017 10:20 AM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Manning, Mike (OFA) <Mike.Manning@ofina.on.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Devine, James (OFA) <James.Devine@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan - Sub Debt

Hi Kaitlin,
Yes, there is still some work to be done on the Sub-Debt.

The OFA has not seen any revised documents from OPG. With Attached is the email from Ken Kandeepan to Sheen Liu at OPG on July 31 that dealt only with the Sub-Debt and Performance Fees with one major change and some other recommendations, Ken did clarify with Sheen that the OFA could not comment on the fix fee.

The main point is that it should be between OPG, Fair Hydro Trust and the Ministry of Energy.

Regards
Carlos

From: Ken Kandeepan
Sent: Monday, July 31, 2017 4:20 PM
To: 'LIU Sheen -TREASURY' <sheen.liu@opg.com>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>; James Devine <James.Devine@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFA Feedback re Fair Hydro Plan

Hi Sheen

Pls find attached our comments on each document. Happy to discuss along with my colleagues from our Capital Markets Division who are cc'ed.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: OFA Feedback re Fair Hydro Plan

Ken,

Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.

Regards

Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the construction of the benchmark.

Pls proceed accordingly.

Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations

Hi Ken,

My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.

Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the

definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

---

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Fri 8/25/2017 11:11 AM

LIU Sheen -TREASURY <sheen.liu@opg.com>

RE: EXTERNAL – FW: OFA Feedback re Fair Hydro Plan

To Carlos Yep

Cc James Devine; LEE John -TREASURY; RYFA Ken -TREASURY; WONG Leslie -LAWDIV

Carlos,

Comments from OFA are fine and we'll incorporate them in our next round of draft

Sheen

From: Ronald Kwan
To: John Kim
Subject: RE: OFA Feedback re Fair Hydro Plan
Date: Monday, July 31, 2017 2:28:01 PM
Attachments: Draft Subordianted Debt Term Sheet_Markup.doc

Thanks John. Has MOF Legal been involved?

Ron

From: John Kim
Sent: July-31-17 13:42
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan

From: Carlos Yep
Sent: Monday, July 31, 2017 12:31 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan

John
I have scheduled a meeting for this afternoon at 230pm

1)We can not comment on the fixed fee.
2)Ken jas been involved on the variable / performance fee – we want to be the new net incremental debt
3)For the equity injection, we still want OFA not as a counterparty

C

From: Ken Kandeepan
Sent: Sunday, July 30, 2017 12:31 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Subject: FW: OFA Feedback re Fair Hydro Plan

Hi

I have no idea why OPG did not include you in the addressee list, maybe we can have quick discussion on this on Monday if you are available.

Thanks

Ken k

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Friday, July 28, 2017 5:32 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; WONG Leslie -LAWDIV <leslie.wong@opg.com>
Subject: OFA Feedback re Fair Hydro Plan

Ken,

Thanks for providing your concurrence in the Trust's approach to performance benchmarking. In order to move forward with completing all Fair Hydro Plan related legal documents, could you please also confirm your agreement to the methodology/process as illustrated in the other two documents provided to you in the past (both attached above for your reference)? Specifically, we would appreciate your confirmation re the following items:

1. Fee Structure, including both fixed and variable fees (as described in FHPA Regulations – Fees.docx)
2. The process of (a) taking out subordinated loan from OFA; and (b) establishing relevant pricing (as described in Draft subordinated Debt Term Sheet.doc)

If you have other outstanding comments relating to Fair Hydro Plan, please also let us know so that we could incorporate them before finalizing the structure and legal documents.

Your timely response will be appreciated.

Regards

Sheen

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: Tuesday, July 18, 2017 1:05 PM
To: LAURETA LAPIRA May -FIN & C CTRL
Cc: MAUTI John -FIN & C CTRL; LEE John -TREASURY; Mike Manning; Graham Monroe; Carlos Yep; James Devine; JORDA Jenny -FIN & C CTRL; GORE Michael -FIN & C CTRL; LIU Sheen -TREASURY
Subject: EXTERNAL – RE: EY concurrence re: Draft Trust Performance Fee Recommendations

*** Exercise caution. This is an EXTERNAL email. DO NOT open attachments or click links from unknown senders or unexpected email. ***

Thank you May, the email from E&Y is clear and given a choice between a performance methodology, that in our opinion, is not entirely reflective of capital markets decision making and jeopardizing the consolidation of the Trust, we are opting to accept OPG's methodology for the

construction of the benchmark.

Pls proceed accordingly.

Ken k

From: LAURETA LAPIRA May -FIN & C CTRL [mailto:may.lapira@opg.com]
Sent: Monday, July 17, 2017 2:40 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: MAUTI John -FIN & C CTRL <john.mauti@opg.com>; LEE John -TREASURY <john.s.lee@opg.com>; Mike Manning <Mike.Manning@ofina.on.ca>; Graham Monroe <Graham.Monroe@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; JORDA Jenny -FIN & C CTRL <jenny.jorda@opg.com>; GORE Michael -FIN & C CTRL <michael.gore@opg.com>; LIU Sheen -TREASURY <sheen.liu@opg.com>
Subject: EY concurrence re: Draft Trust Performance Fee Recommendations

Hi Ken,

My name is May Lapira and I'm the newest addition to the Treasury team. Jenny has been working hard to get me updated on the accounting aspects of the Fair Hydro Plan so we can transition future correspondences over to me.

Per our discussion during the call earlier today, we have reached out to EY to obtain concurrence on our interpretation of their accounting position. Please see attached the email trail from EY's senior manager Brittany Keenan confirming that excluding the equity injection component from the definition of a 'benchmark bond' would result in non-commercial terms and could ultimately result in OPG not being able to consolidate the financing entity.

Please let me know if you have any follow up questions on this matter.

I look forward to working with you,
May

May Laureta Lapira, CPA, CA | Senior Manager, Treasury | Ontario Power Generation
700 University Avenue, Toronto ON M5G 1X6 | Tel: (416) 592-3721| Fax: (416) 592-7758 |E-mail: may.lapira@opg.com

---

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you

are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement between among OPG and the Province of Ontario as represented by , OFA andthe Ministry of Energy ("the Province"), the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

Commented [RK1]: Should this be generically an OPG OFHP Act Financing Entity, or will there be a new MSA for each such entity?

Commented [RK2]: Or HMQ in Right of Ontario? Has MOF Legal reviewed?

Commented [RK3]: Should this be generically an OPG FHP financing entity?

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Friday, December 01, 2017 4:08:57 PM
Attachments: OFA - MoE MOU Fair Hydro Plan_v14 ENERGY Dec 01_CEFD.DOCX
OFA - MoE MOU Fair Hydro Plan_v14 ENERGY Dec 01_CEFD_Clean.docx

---

Hi Ron,

We have landed on the final version of the MOU between OFA and ENERGY. It has been reviewed by OFA Legal, FTD, and CMD. Please let me know if you are good with this.

Here's a summary of the key changes since the last version you saw:

1. A new schedule (Schedule C) was added at the end of the document, as a confirmation of payment authorisation from ENERGY. Section 2) Payment Process was updated to add reference to schedule C as well.
2. Removed the word "subordinate" in paragraph 4 to be consistent with the Master Share Subscription Agreement executed between OPG and ENERGY. OFA Legal is good with this change too.
3. Added a definition of business day and number of days allowed to complete the payment, consistent with the MSA.
4. Added an acknowledgement of possible future changes to the wire transfer instruction.
5. For section 7 & 8, ENERGY decided to keep the names and contacts information, so we reserved the edits.

ENERGY will move forward with the sign-off from their ADM first and send the original to us. I will put together a blue sheet package with the required signatures once I receive the original.

Please let me know if you have any questions.

Thanks,
Gavin He

From: Ronald Kwan
Sent: Friday, November 24, 2017 12:06 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. Makes sense to me too.

Ron

From: Gavin He

Sent: November-24-17 10:24
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

ENERGY just told me that their CAO suggested we remove the names in the contact section of the MOU – essentially only referring to the contacts by title. This will eliminate updates when the contacts change. FTD and OFA Legal are good with that suggestion. ENERGY will send me an updated version of the MOU and I will share that with you once I have it.

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 11:43 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin.

Sure, please send to Energy and put together the approval package.

Ron

From: Gavin He
Sent: November-23-17 5:17 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

FTD, CMD and OFA Legal have confirmed that they are fine with the attached version. In addition, I have attached a clean copy for your review and approval. I can start putting together the approval package.

Are you good with the clean version going back to ENERGY so that they can start their approval process?

Thanks,

Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any

concerns/comments?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription

Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on

Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.
3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done

in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: ~~November~~ **December** **, 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, ~~T~~the Legislative Assembly of Ontario ~~Government of Ontario~~ enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act ~~(the "Regulations")~~ provide~~s~~ the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's ~~subordinated~~ debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.~~.~~

6. In accordance with the Equity Injection Plan, ~~T~~the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") ~~in the form consistent with that provided for in Schedule A to this Memorandum of Understanding (the "MOU"),~~ setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount"), ~~consistent with the requisite approval for the appropriations, which have already been obtained and any future appropriations approvals processes to be obtained.~~ .

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within ~~[*]~~ five (5) ~~business~~ Business ~~days~~ Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Commented [GH1]: Schedule A is a s.11.4 FAA Certificate, not a share subscription form.

Commented [GH2]: What's the purpose of this sentence?

Commented [KR3]: I agree. This statement is not relevant for the purposes of the MOU.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three ~~business~~ Business ~~days~~ Days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved ~~for payment~~ by the Minister of Energy or authorized delegate; ~~and~~

b. a clear and legible electronic copy of a certificate ~~(the "Certificate")~~, in the form attached as Schedule A to this MOU (the "Certificate"), ~~-~~confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under s~~S~~ection 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and~~. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.~~, and

c. a clear and legible electronic copy of a ~~P~~payment ~~A~~authorizs~~s~~ation approved by the Deputy Minister of Energy or authorized delegate in the form attached as ~~(~~Schedule C~~)~~ to this MOU (the "Payment Authorization"). ~~Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.~~

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

~~c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.~~

Formatted: Indent: Left: 0.5", No bullets or numbering

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry ~~-~~account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments ~~is~~ shall be as set out in ~~attached as~~ Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
c. authorizations under ~~S~~section 11.4 (2) 1. of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted

by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Commented [SK(4]: Should Ken be included in section 7?

Commented [GH5R4]: Added to section 7.

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription ~~form~~ dated **[date]** (the "Share Subscription ~~Form~~") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription ~~Form~~ requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (~~Authorised person of Ministry of Energy~~Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) ~~to cover~~as ~~payment as~~ consideration for the subscription for ~~of~~ [number] Class A ~~s~~Shares of OPG.

Commented [SK(6]: I recommend setting out here how many shares are to be purchased with each authorization.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **December , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, the Legislative Assembly of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act provide the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.

6. In accordance with the Equity Injection Plan, the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within five (5) Business Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three Business Days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic copy of each Share Subscription executed and approved by the Minister of Energy or authorized delegate;
   b. a clear and legible electronic copy of a certificate, in the form attached as Schedule A to this MOU (the "Certificate"), confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and
   c. a clear and legible electronic copy of a payment authorization approved by the Deputy Minister of Energy or authorized delegate in the form attached as Schedule C to this MOU (the "Payment Authorization").

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments shall be as set out in Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

   a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
   b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
   c. authorizations under section 11.4 (2) 1 of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **[date]** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) as consideration for the subscription for [number] Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 5:17:11 PM
Attachments: OFA - MoE MOU Fair Hydro Plan_v12.docx
OFA - MoE MOU Fair Hydro Plan_v12Clean.docx

Hi Ron,

FTD, CMD and OFA Legal have confirmed that they are fine with the attached version. In addition, I have attached a clean copy for your review and approval. I can start putting together the approval package.

Are you good with the clean version going back to ENERGY so that they can start their approval process?

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, November 15, 2017 5:01 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi John,
>
> Sure. Fine to share, with that caveat.
>
> Ron
>
> ---
>
> **From:** John Kim
> **Sent:** November-15-17 16:46
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi Ron,
>
> One of the principles that guided us, which was an input from Ken R., was that if we are

more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is

of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.

- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: ~~XXXXXXX~~November , 2017

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by ~~the~~ Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) tTransacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) mMaking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day

the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate Energy ~~**[insert appropriate MoE official]**~~, and
   b. a clear and legible electronic copy of a certificate (the "Certificate"~~ confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment~~ (the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

~~d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.~~

Commented [Kamala1]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

Commented [GH2R1]: Deleted.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Eemail: John.Kim@ofina.on.ca

~~Tel: email:~~

~~should also be sent to:~~

Formatted: Font: (Default) Arial

Formatted: Normal, Indent: Left: 0"

Formatted: Indent: First line: 0"

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
~~E~~email: John.Psinas@ofina.on.ca
~~& email:~~

As of the date of this MOU the Ministry's contact person~~s~~ are~~is~~:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
E~~e~~mail: ~~shruti.talwar@ontario.ca~~

Name: ~~Pratima Gounden~~Asokan Sadasivan
Title: ~~Manager (A), Business Planning and Fiscal Management~~Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416)~~ 416~~ 902-~~2649 647) 289-4932~~
E~~e~~mail: asokan.sadasivan@ontario.ca~~pratima.gounden@ontario.ca~~

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) ~~notice~~days notice ~~-~~to the other party in accordance with section 7.

8) Notice

a) ~~Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.~~Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

~~a)~~
~~b)~~
In the case of the OFA:~~,~~
~~c) the addresses for notice are:~~
~~d) Hand Delivery:~~
~~e) Ontario Financing Authority~~
~~f) Suite 1400~~
~~1 Dundas St. W.~~
~~Attention: Ken Kandeepan, Chief Financial and Risk Officer~~
~~email: Ken.Kandeepan@ofina.on.ca~~
Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3

Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry: ~~, the addresses for notice are:~~
~~Hand Delivery:~~
~~Ministry of Energy~~

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Eemail: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
~~Pratima Gounden~~
Title: Controller
~~Manager (A), Business Planning and Fiscal Management~~
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649~~(647) 289-4932~~
~~E~~email: asokan.sadasivan@ontario.ca ~~pratima.gounden@ontario.ca~~
~~XXXX~~
~~XXXX~~
~~XXXX~~

~~Conflict between MOU and Master Share Subscription Agreement~~

~~In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.~~

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Formatted: Indent: First line: 0"

Commented [SK(3]: I'm assuming the contact person under section 7 will be the same contact person set out here.

Commented [TS(4R3]: To be confirmed with Corporate/OFA

Commented [KR5]: My view is that the OFA can not agree to be bound by the terms of the Master Subscription Agreement to which it is not a party. The OFA must have certainty about its responsibilities. The MOU must set out the OFA's specific responsibilities. Any possible conflicts between the MOU and the MSA should be resolved before the MOU is executed. If issues arise in future it will be necessary to address them at that time.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**.

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate, and

b. a clear and legible electronic copy of a certificate (the "Certificate") confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of

executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

In the case of the OFA:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription Form requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

From: Gavin He
To: John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 5:07:53 PM

Hi John,

Thanks, that's what I am going to do as well. I will put together the package, but given that I need to send a clean copy to Energy as well, I will ask him if he is comfortable with that.

Regards,
Gavin He

From: John Kim
Sent: Thursday, November 23, 2017 5:05 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Yup, let's get it done….leave this to you. Whether to run by Ron again or just to get the execution going. I'd say give Ron a heads up that you're going to send the clean copy of the attached.

John

From: Gavin He
Sent: Thursday, November 23, 2017 5:03 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

FTD and CMD confirmed that they don't have any changes, and they are good with the Contacts sections as well.

However, I removed my name from the MOU to address Ron's comment below. Are you good with the attached version going to Ron for approval?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, November 15, 2017 5:01 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi John,
>
> Sure. Fine to share, with that caveat.
>
> Ron
>
> ---
>
> **From:** John Kim
> **Sent:** November-15-17 16:46
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy

who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.
4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From: Gavin He
To: John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 5:03:00 PM
Attachments: OFA - MoE MOU Fair Hydro Plan_v12.docx

Hi John,

FTD and CMD confirmed that they don't have any changes, and they are good with the Contacts sections as well.

However, I removed my name from the MOU to address Ron's comment below. Are you good with the attached version going to Ron for approval?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the

discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: ~~XXXXXXX~~November , 2017

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by ~~the~~ Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) tTransacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) mMaking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day

the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate Energy ~~**[insert appropriate MoE official]**~~, and
   b. a clear and legible electronic copy of a certificate (the "Certificate"~~ confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment~~ (the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

~~d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.~~

Commented [Kamala1]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

Commented [GH2R1]: Deleted.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Eemail: John.Kim@ofina.on.ca

~~Tel: email:~~

~~should also be sent to:~~

Formatted: Font: (Default) Arial

Formatted: Normal, Indent: Left: 0"

Formatted: Indent: First line: 0"

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
~~E~~email: John.Psinas@ofina.on.ca
~~& email:~~

As of the date of this MOU the Ministry's contact person~~s~~ are~~is~~:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
E~~e~~mail: ~~shruti.talwar@ontario.ca~~

Name: ~~Pratima Gounden~~Asokan Sadasivan
Title: ~~Manager (A), Business Planning and Fiscal Management~~Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416)~~ 416~~ 902-~~2649 647) 289-4932~~
E~~e~~mail: asokan.sadasivan@ontario.ca~~pratima.gounden@ontario.ca~~

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) ~~notice~~days notice ~~-~~to the other party in accordance with section 7.

8) Notice

a) ~~Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.~~Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

~~a)~~
~~b)~~
In the case of the OFA:~~,~~
~~c) the addresses for notice are:~~
~~d) Hand Delivery:~~
~~e) Ontario Financing Authority~~
~~f) Suite 1400~~
~~1 Dundas St. W.~~
~~Attention: Ken Kandeepan, Chief Financial and Risk Officer~~
~~email: Ken.Kandeepan@ofina.on.ca~~
Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3

Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry: ~~, the addresses for notice are:~~
~~Hand Delivery:~~
~~Ministry of Energy~~

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Eemail: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
~~Pratima Gounden~~
Title: Controller
~~Manager (A), Business Planning and Fiscal Management~~
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649~~(647) 289-4932~~
~~E~~email: asokan.sadasivan@ontario.ca ~~pratima.gounden@ontario.ca~~
~~XXXX~~
~~XXXX~~
~~XXXX~~

~~Conflict between MOU and Master Share Subscription Agreement~~

~~In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.~~

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Formatted: Indent: First line: 0"

Commented [SK(3]: I'm assuming the contact person under section 7 will be the same contact person set out here.

Commented [TS(4R3]: To be confirmed with Corporate/OFA

Commented [KR5]: My view is that the OFA can not agree to be bound by the terms of the Master Subscription Agreement to which it is not a party. The OFA must have certainty about its responsibilities. The MOU must set out the OFA's specific responsibilities. Any possible conflicts between the MOU and the MSA should be resolved before the MOU is executed. If issues arise in future it will be necessary to address them at that time.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**.

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

From:	Gavin He
To:	Graham Young (MOI)
Cc:	John Kim; Kenneth Russell; Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG); Pratima Gounden (ENERGY); Talwar, Shruti (ENERGY)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 3:13:15 PM

Hi Graham,

I have confirmed with OFA Settlements that they don't need additional documents.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Wednesday, November 22, 2017 10:18 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Are there any additional documents that OFA Settlements may need on a monthly basis e.g., a payment request memo? This was raised by Corporate given their experience on some other files.

Thank you
Graham

From: Young, Graham (ENERGY)
Sent: November-21-17 4:15 PM
To: 'Gavin He'
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from

Corporate on page 5.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.

Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA

each month i.e., alongside the share subscription form, or after the payments have been made.
OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    OFA: Could you please provide us with the updated OPG's wire transfer information?
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
    OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 1:04:01 PM

Hi Ron,

Yes, we will put together the package with a blue sheet approval form once it's finalized.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 12:24 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

I'm fine with signing. I'd assume that there would be a blue sheet approval form, with Legal sign-off, as well as staff sign-off.

Ron

From: Gavin He
Sent: November 23, 2017 11:35 AM
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Just an administrative question, will you be the one signing off the MOU? Energy is planning to have their ADM sign-off on the MOU, and wants to confirm with us if we are doing the same.

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM

To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?
>
> Thanks,
> Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more

detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please

review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.
4. Confirm the following:

- OFA has OPG's wire transfer information (suggest including this information as a separate schedule)

- Scanned electronic copies for the share subscription form & FAA certificate are acceptable
- Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 11:35:56 AM

Hi Ron,

Just an administrative question, will you be the one signing off the MOU? Energy is planning to have their ADM sign-off on the MOU, and wants to confirm with us if we are doing the same.

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

Hi Ron,

Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.

I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.

Could you please review the attached MOU and let us know if you have any concerns/comments?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.

- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He

Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From:	Ken Kandeepan
To:	Gavin He
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 9:39:41 AM

Sure, I will leave this in the capable hands of John and George so no need to include me.

Thanks

Ken k

From: Gavin He
Sent: Thursday, November 23, 2017 9:39 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Sure, no problem. I will reach out to Energy and set up a conference call, if that works.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Thursday, November 23, 2017 9:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin

We are ok with the MOU with the exception of the deletion of 3 (d). Both John and George would like to have quick discussion with Energy's accounting folk before agreeing. Much appreciated if you can let them know.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Attached is updated draft version of the MOU with edits from Energy. Could you please take a look and let me know if you have any comments/concerns? Also, could you please review the contacts information on section 7 and 8 to make the proper contacts from OFA are included?

It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	John Psinas
To:	Gavin He; Ken Kandeepan
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 9:39:31 AM

Gavin,

I would like to invite OPCD – Mark Donaldson- as they control Volume 3 as well.

Thanks.

John

From: Gavin He
Sent: Thursday, November 23, 2017 9:39 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Sure, no problem. I will reach out to Energy and set up a conference call, if that works.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Thursday, November 23, 2017 9:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin

We are ok with the MOU with the exception of the deletion of 3 (d). Both John and George would like to have quick discussion with Energy's accounting folk before agreeing. Much appreciated if you can let them know.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Attached is updated draft version of the MOU with edits from Energy. Could you please take a look and let me know if you have any comments/concerns? Also, could you please review the contacts information on section 7 and 8 to make the proper contacts from OFA are included?

It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off

and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Gavin He
To:	Ken Kandeepan
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 9:38:35 AM

Hi Ken,

Sure, no problem. I will reach out to Energy and set up a conference call, if that works.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Thursday, November 23, 2017 9:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin

We are ok with the MOU with the exception of the deletion of 3 (d). Both John and George would like to have quick discussion with Energy's accounting folk before agreeing. Much appreciated if you can let them know.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Attached is updated draft version of the MOU with edits from Energy. Could you please take a look and let me know if you have any comments/concerns? Also, could you please review the contacts

information on section 7 and 8 to make the proper contacts from OFA are included?

It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a

separate schedule)

- Scanned electronic copies for the share subscription form & FAA certificate are acceptable
- Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Ken Kandeepan
To:	Gavin He
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 9:31:53 AM

Gavin

We are ok with the MOU with the exception of the deletion of 3 (d). Both John and George would like to have quick discussion with Energy's accounting folk before agreeing. Much appreciated if you can let them know.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Attached is updated draft version of the MOU with edits from Energy. Could you please take a look and let me know if you have any comments/concerns? Also, could you please review the contacts information on section 7 and 8 to make the proper contacts from OFA are included?

It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf,

Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698

shruti.talwar@ontario.ca

From:	Ronald Kwan
To:	Gavin He
Cc:	Usman Zahid; John Kim
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Friday, November 24, 2017 12:06:05 PM

Thanks Gavin. Makes sense to me too.

Ron

From: Gavin He
Sent: November-24-17 10:24
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

ENERGY just told me that their CAO suggested we remove the names in the contact section of the MOU – essentially only referring to the contacts by title. This will eliminate updates when the contacts change. FTD and OFA Legal are good with that suggestion. ENERGY will send me an updated version of the MOU and I will share that with you once I have it.

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 11:43 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin.

Sure, please send to Energy and put together the approval package.

Ron

From: Gavin He
Sent: November-23-17 5:17 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

FTD, CMD and OFA Legal have confirmed that they are fine with the attached version. In addition, I have attached a clean copy for your review and approval. I can start putting together the approval package.

Are you good with the clean version going back to ENERGY so that they can start their approval process?

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

Hi Ron,

Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.

I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.

Could you please review the attached MOU and let us know if you have any concerns/comments?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to

them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate

schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a

schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.

2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 9:15:45 AM

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation

room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy?

They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From:	Risa Thau
To:	Gavin He; Ken Kandeepan
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Wednesday, November 22, 2017 11:31:39 AM

Hi Gavin,

Settlements does not require any additional documents. We will act on the instructions provided by the Ministry referenced in Schedule A and OPG's wire transfer information in Schedule B. The only time we will need wire transfer instructions is if OPG changes their payment details.

Thanks,

Risa Thau
Manager, Settlements, Payments & Fiscal Agency
Finance and Treasury Division
Ontario Financing Authority
Email Address: risa.thau@ofina.on.ca
Telephone number: 416-325-6879

From: Gavin He
Sent: Wednesday, November 22, 2017 10:22 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

In addition, Energy has asked if there are any additional documents that OFA Settlements may need on a monthly basis e.g., a payment request memo? This was raised by their Corporate given their experience on some other files.

Regards,
Gavin He

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning

<Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Attached is updated draft version of the MOU with edits from Energy. Could you please take a look and let me know if you have any comments/concerns? Also, could you please review the contacts information on section 7 and 8 to make the proper contacts from OFA are included?

It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Gavin He
To:	Ken Kandeepan
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Wednesday, November 22, 2017 10:21:39 AM

Hi Ken,

In addition, Energy has asked if there are any additional documents that OFA Settlements may need on a monthly basis e.g., a payment request memo? This was raised by their Corporate given their experience on some other files.

Regards,
Gavin He

From: Gavin He
Sent: Tuesday, November 21, 2017 5:11 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken,

Attached is updated draft version of the MOU with edits from Energy. Could you please take a look and let me know if you have any comments/concerns? Also, could you please review the contacts information on section 7 and 8 to make the proper contacts from OFA are included?

It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf,

Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698

shruti.talwar@ontario.ca

From:	Young, Graham (ENERGY)
To:	Gavin He
Cc:	John Kim; Kenneth Russell; Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG); Pratima Gounden (ENERGY); Talwar, Shruti (ENERGY)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Wednesday, November 22, 2017 10:18:39 AM

Hi Gavin

Are there any additional documents that OFA Settlements may need on a monthly basis e.g., a payment request memo? This was raised by Corporate given their experience on some other files.

Thank you
Graham

From: Young, Graham (ENERGY)
Sent: November-21-17 4:15 PM
To: 'Gavin He'
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from Corporate on page 5.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in

this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
   - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
     OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos.
Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Wednesday, November 22, 2017 8:58:56 AM
Attachments: OFA - MoE MOU Fair Hydro Plan_v11.docx

Hi Ron,

Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.

I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.

Could you please review the attached MOU and let us know if you have any concerns/comments?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept

simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: ~~XXXXXXX~~November , 2017

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by ~~the~~ Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) tTransacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) mMaking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day

the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate Energy ~~**[insert appropriate MoE official]**~~, and
   b. a clear and legible electronic copy of a certificate (the "Certificate"~~ confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment~~ (the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

~~d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.~~

Commented [Kamala1]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

Commented [GH2R1]: Deleted.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: Gavin He
Title: Senior Financial and Economic Advisor
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 325-1580
Email: Gavin.He@ofina.on.ca

Sshould also be sent to:

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Eemail: John.Psinas@ofina.on.ca
& email:

As of the date of this MOU the Ministry's contact persons areis:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Eemail: shruti.talwar@ontario.ca

Name: Pratima GoundenAsokan Sadasivan
Title: Manager (A), Business Planning and Fiscal ManagementController
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902-2649 647) 289-4932
Eemail: asokan.sadasivan@ontario.capratima.gounden@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) noticedays notice to the other party in accordance with section 7.

8) Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

a)
b)
In the case of the OFA:,
c) the addresses for notice are:
d) Hand Delivery:
e) Ontario Financing Authority
f) Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: Gavin He
Title: Senior Financial and Economic Advisor
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 325-1580
Email: Gavin.He@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry~~:, the addresses for notice are:~~
~~Hand Delivery:~~
~~Ministry of Energy~~

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
E~~e~~mail: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
~~Pratima Gounden~~
Title: Controller
~~Manager (A), Business Planning and Fiscal Management~~
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649~~(647) 289-4932~~
E~~e~~mail: asokan.sadasivan@ontario.ca ~~pratima.gounden@ontario.ca~~

~~XXXX~~
~~XXXX~~
~~XXXX~~

~~Conflict between MOU and Master Share Subscription Agreement~~

Commented [SK(3]: I'm assuming the contact person under section 7 will be the same contact person set out here.

Commented [TS(4R3]: To be confirmed with Corporate/OFA

~~In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.~~

Commented [KR5]: My view is that the OFA can not agree to be bound by the terms of the Master Subscription Agreement to which it is not a party. The OFA must have certainty about its responsibilities. The MOU must set out the OFA's specific responsibilities. Any possible conflicts between the MOU and the MSA should be resolved before the MOU is executed. If issues arise in future it will be necessary to address them at that time.

Commented [GH6R5]: Energy agreed to leave this out.

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**.

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

From:	Gavin He
To:	Ken Kandeepan
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Tuesday, November 21, 2017 5:10:55 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v11.docx

Hi Ken,

Attached is updated draft version of the MOU with edits from Energy. Could you please take a look and let me know if you have any comments/concerns? Also, could you please review the contacts information on section 7 and 8 to make the proper contacts from OFA are included?

It would be great if you could provide me with your comments by noon tomorrow, as Energy would like to hear back from us tomorrow.

Thanks,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as

a separate schedule is a good idea.

2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: ~~XXXXXXX~~November , 2017

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by ~~the~~ Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) tTransacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) mMaking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day

the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate Energy ~~**[insert appropriate MoE official]**~~, and
   b. a clear and legible electronic copy of a certificate (the "Certificate"~~ confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment~~ (the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

~~d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.~~

Commented [Kamala1]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

Commented [GH2R1]: Deleted.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: Gavin He
Title: Senior Financial and Economic Advisor
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 325-1580
Email: Gavin.He@ofina.on.ca

Sshould also be sent to:

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Eemail: John.Psinas@ofina.on.ca
& email:

As of the date of this MOU the Ministry's contact persons areis:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Eemail: shruti.talwar@ontario.ca

Name: Pratima GoundenAsokan Sadasivan
Title: Manager (A), Business Planning and Fiscal ManagementController
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902-2649 647) 289-4932
Eemail: asokan.sadasivan@ontario.capratima.gounden@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) noticedays notice to the other party in accordance with section 7.

8) Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

a)
b)
In the case of the OFA:,
c) the addresses for notice are:
d) Hand Delivery:
e) Ontario Financing Authority
f) Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: Gavin He
Title: Senior Financial and Economic Advisor
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 325-1580
Email: Gavin.He@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry~~:, the addresses for notice are:~~
~~Hand Delivery:~~
~~Ministry of Energy~~

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
E~~e~~mail: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
~~Pratima Gounden~~
Title: Controller
~~Manager (A), Business Planning and Fiscal Management~~
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649~~(647) 289-4932~~
E~~e~~mail: asokan.sadasivan@ontario.ca ~~pratima.gounden@ontario.ca~~

~~XXXX~~
~~XXXX~~
~~XXXX~~

~~Conflict between MOU and Master Share Subscription Agreement~~

Commented [SK(3]: I'm assuming the contact person under section 7 will be the same contact person set out here.

Commented [TS(4R3]: To be confirmed with Corporate/OFA

~~In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.~~

Commented [KR5]: My view is that the OFA can not agree to be bound by the terms of the Master Subscription Agreement to which it is not a party. The OFA must have certainty about its responsibilities. The MOU must set out the OFA's specific responsibilities. Any possible conflicts between the MOU and the MSA should be resolved before the MOU is executed. If issues arise in future it will be necessary to address them at that time.

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**.

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

From:	Young, Graham (ENERGY)
To:	Gavin He
Cc:	John Kim; Kenneth Russell; Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG); Pratima Gounden (ENERGY); Talwar, Shruti (ENERGY)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Tuesday, November 21, 2017 4:17:14 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v10 ENERGY edits Nov 21 ENERGY.docx

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from Corporate on page 5.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM

To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
   - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
     OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by ~~the~~ Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

Commented [TS(1]: The Master Share Subscription agreement doesn't specify that the equity injections would go to fund "subordinated debt." I understand there is another agreement between OFA and OPG on this issue. Do we need to be specific here?

Commented [KR2]: This recital does not specifically reference the MSA. The fact that there is an agreement separate from the MSA for this obligation does not affect the recital.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) tTransacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) mMaking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate ~~Energy~~ **~~[insert appropriate MoE official]~~**, and
   b. a clear and legible electronic copy of a certificate (the "Certificate" ~~confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. ~~(the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this

Commented [TS(3]: I believe this is defining the certificate in this section, and not the subscription payment.

Commented [Kamala4]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name:
Title:
Address:
Tel:
Eemail:

Name:
Title:

Address:
Tel:
~~————————~~Eemail:

should also be sent to:

Name:
Title:
Address:
Tel:
~~————————~~Eemail: ~~————& email:~~

As of the date of this MOU the Ministry's contact persons are~~is~~:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: ~~,~~shruti.talwar@ontario.ca

Name: ~~Pratima Gounden~~Asokan Sadasivan
Title: ~~Manager (A), Business Planning and Fiscal Management~~Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649 ~~647) 289-4932~~ ~~————~~
email: asokan.sadasivan@ontario.ca~~pratima.gounden@ontario.ca~~

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) ~~notice~~days notice ~~-~~to the other party in accordance with section 7.

8) Notice

a) ~~Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.~~Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

~~a)~~
~~b)~~
~~c)~~ In the case of the OFA~~:, the addresses for notice are:~~
~~d) Hand Delivery:~~
~~e)~~b) Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer

Commented [SK(5]: Include the following:

Name:
Title:
Address:

Commented [GH6R5]: Will add.

Formatted: English (Canada)

Field Code Changed

Formatted: English (Canada)

Formatted: English (Canada)

Field Code Changed

email: Ken.Kandeepan@ofina.on.ca

~~f~~c) In the case of the Ministry:~~, the addresses for notice are:~~

~~Hand Delivery:~~

Ministry of Energy

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan~~Pratima Gounden~~
Title: Controller ~~Manager (A), Business Planning and Fiscal Management~~
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649~~(647) 289-4932~~
email: asokan.sadasivan@ontario.ca ~~pratima.gounden@ontario.ca~~

~~XXXX~~
~~XXXX~~
~~XXXX~~

~~Conflict between MOU and Master Share Subscription Agreement~~

~~In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.~~

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

Commented [SK(7]: I'm assuming the contact person under section 7 will be the same contact person set out here.

Commented [TS(8R7]: To be confirmed with Corporate/OFA

Formatted: English (Canada)

Field Code Changed

Formatted: English (Canada)

Formatted: English (Canada)

Field Code Changed

Commented [KR9]: My view is that the OFA can not agree to be bound by the terms of the Master Subscription Agreement to which it is not a party. The OFA must have certainty about its responsibilities. The MOU must set out the OFA's specific responsibilities. Any possible conflicts between the MOU and the MSA should be resolved before the MOU is executed. If issues arise in future it will be necessary to address them at that time.

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

From:	Gavin He
To:	Graham Young (MOI)
Cc:	John Kim; Kenneth Russell; Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG); Pratima Gounden (ENERGY); Talwar, Shruti (ENERGY)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Tuesday, November 21, 2017 9:20:54 AM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v10 ENERGY edits Nov 20_OFA edits.docx

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)

Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.

OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
      OFA: Could you please provide us with the updated OPG's wire transfer information?
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
      OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by ~~the~~ Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

Commented [TS(1]: The Master Share Subscription agreement doesn't specify that the equity injections would go to fund "subordinated debt." I understand there is another agreement between OFA and OPG on this issue. Do we need to be specific here?

Commented [KR2]: This recital does not specifically reference the MSA. The fact that there is an agreement separate from the MSA for this obligation does not affect the recital.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) tTransacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) mMaking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate ~~Energy~~ **~~[insert appropriate MoE official]~~**, and
   b. a clear and legible electronic copy of a certificate (the "Certificate" ~~confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. ~~(the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this

Commented [TS(3]: I believe this is defining the certificate in this section, and not the subscription payment.

Commented [Kamala4]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name:
Title:
Address:
Tel:
Eemail:

Name:
Title:

Address:
Tel:
~~———————~~Eemail:

should also be sent to:

Name:
Title:
Address:
Tel:
~~———————~~Eemail:~~———— & email:~~

As of the date of this MOU the Ministry's contact persons are~~is~~:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: shruti.talwar@ontario.ca

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) ~~notice~~days notice to the other party in accordance with section 7.

8) Notice

a) ~~Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.~~Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

~~a)~~
~~b)~~
~~c)~~ In the case of the OFA:~~, the addresses for notice are:~~
~~d) Hand Delivery:~~
~~e)~~b) Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer

Commented [SK(5]: Include the following:

Name:
Title:
Address:

Commented [GH6R5]: Will add.

email: Ken.Kandeepan@ofina.on.ca

~~f~~c) In the case of the Ministry:~~, the addresses for notice are:~~

~~Hand Delivery:~~

Ministry of Energy

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: shruti.talwar@ontario.ca

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca

~~XXXX~~
~~XXXX~~
~~XXXX~~

Commented [SK(7]: I'm assuming the contact person under section 7 will be the same contact person set out here.

Commented [TS(8R7]: To be confirmed with Corporate/OFA

~~**Conflict between MOU and Master Share Subscription Agreement**~~

~~In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.~~

Commented [KR9]: My view is that the OFA can not agree to be bound by the terms of the Master Subscription Agreement to which it is not a party. The OFA must have certainty about its responsibilities. The MOU must set out the OFA's specific responsibilities. Any possible conflicts between the MOU and the MSA should be resolved before the MOU is executed. If issues arise in future it will be necessary to address them at that time.

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

From: Gavin He
To: John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Monday, November 20, 2017 4:16:56 PM

Hi John,

I took a quick look and didn't see any major issues. I will forward this to Ken R. to review.

Regards,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
   - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.

OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Young, Graham (ENERGY)
To:	Gavin He
Cc:	John Kim; Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG); Pratima Gounden (ENERGY); Talwar, Shruti (ENERGY)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Monday, November 20, 2017 4:13:07 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v10 ENERGY edits Nov 20.DOCX

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
   - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
     OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the ~~Independent Electricity System Operator ("~~IESO~~")~~ by one or more special purpose financing entities, under the Act established by the Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the~~an~~ OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

Commented [TS(1]: The Master Share Subscription agreement doesn't specify that the equity injections would go to fund "subordinated debt." I understand there is another agreement between OFA and OPG on this issue. Do we need to be specific here?

7. Each month OPG will deliver to the Ministry a share subscription form (the “Share Subscription”) setting out the amount of equity injection required (the “Subscription Payment”) and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (“Appropriated Amount”).

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the “Share Subscription Payment Date”).

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding (“MOU”) to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) t~~T~~ransacting with the Ontario Shared Services “IFIS” system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) m~~M~~aking the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible ~~good quality~~ unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic ~~good quality~~ copy of each Share Subscription executed and approved for payment by Minister or a delegate ~~Energy~~ **~~[insert appropriate MoE official]~~**, and
b. a clear and legible electronic copy of a certificate (the "Certificate" ~~confirming~~) confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. ~~(the "Certificate").~~ The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the ~~any~~ termination of this~~he~~ MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription Payments will be performed by the Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the

Commented [TS(2]: I believe this is defining the certificate in this section, and not the subscription payment.

Commented [Kamala3]: Transactions recorded through inter-ministry journals are not captured for Public Accounts Volume 3 reporting.
Please note that these subscription payments will be recorded in Energy books through OFA's inter-ministry journals.

Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

Commented [SK(4]: Include the following:

Name:
Title:
Address:

~~c)~~ As of the date of this MOU the Ministry's contact persons are~~is~~:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: shruti.talwar@ontario.ca

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca

~~d)~~c) Either party may designate a different member of its staff as its contact person by providing thirty (30) ~~notice~~days notice to the other party in accordance with section 7.

8) Notice

a) ~~Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.~~Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

~~a)~~

~~b)~~ In the case of the OFA:~~, the addresses for notice are:~~
~~Hand Delivery:~~
b) Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Ministry:~~, the addresses for notice are:~~
~~Hand Delivery:~~
Ministry of Energy

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
email: shruti.talwar@ontario.ca

Formatted: Indent: Left: 0.5", Space After: 10 pt, No bullets or numbering
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Formatted: Normal
Formatted: Tab stops: 1.67", Left
Formatted: Font: (Default) Arial
Formatted: Font: (Default) Arial
Field Code Changed
Formatted: Font: 11 pt
Formatted: Indent: Left: 0.75", No bullets or numbering
Formatted: Font: 12 pt
Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"
Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: (Default) Arial, 12 pt, No underline
Formatted: Numbered + Level: 1 + Numbering Style: a, b, c, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"
Formatted: Font: (Default) Arial, 12 pt
Formatted: Font: 12 pt
Commented [SK(5]: I'm assuming the contact person under section 7 will be the same contact person set out here.
Commented [TS(6R5]: To be confirmed with Corporate/OFA
Formatted: Indent: Left: 0.75"

Name: Pratima Gounden
Title: Manager (A), Business Planning and Fiscal Management
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (647) 289-4932
email: pratima.gounden@ontario.ca
~~XXXX~~
~~XXXX~~
~~XXXX~~

Formatted: Indent: Left: 0.75"

Formatted: Indent: Left: 0.25"

9) Conflict between MOU and Master Share Subscription Agreement

Formatted: Font: Bold

Formatted: Indent: Left: 0.25", No bullets or numbering

In the event of a conflict between the terms and conditions of this MOU and the terms and conditions of the Master Share Subscription Agreement between the Ministry and OPG dated November XX, 2017 (the "Master Share Subscription Agreement"), such conflict shall be resolved in favor of the terms and conditions of the Master Share Subscription Agreement.

Formatted: Font: 11 pt

Formatted: Font: 11 pt

~~9)~~10) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of ~~OPG~~Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**.

The Share Subscription Form requests payment by the Ministry to OPG ~~of~~ in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

~~[Energy/OPG to provide the updated OPG's wire transfer information here.]~~

Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt
Formatted: Indent: Left: 0", Space After: 0 pt
Formatted: Font: 11 pt
Formatted: Font: 11 pt, Not Bold
Formatted: Font: 11 pt

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Friday, November 24, 2017 10:24:06 AM

Hi Ron,

ENERGY just told me that their CAO suggested we remove the names in the contact section of the MOU – essentially only referring to the contacts by title. This will eliminate updates when the contacts change. FTD and OFA Legal are good with that suggestion. ENERGY will send me an updated version of the MOU and I will share that with you once I have it.

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 11:43 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin.

Sure, please send to Energy and put together the approval package.

Ron

From: Gavin He
Sent: November-23-17 5:17 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

FTD, CMD and OFA Legal have confirmed that they are fine with the attached version. In addition, I have attached a clean copy for your review and approval. I can start putting together the approval package.

Are you good with the clean version going back to ENERGY so that they can start their approval process?

Thanks,

Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any

concerns/comments?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription

Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on

Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.
3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done

in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From: Ken Kandeepan
To: Kenneth Russell
Cc: Gavin He; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Saturday, November 18, 2017 10:32:01 AM

Thanks Ken, agreed.

Ken k

From: Kenneth Russell
Sent: Wednesday, November 15, 2017 9:47 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Ken

This is just to confirm that with respect to the comment for paragraph 1 that the form of the certificate for 11.4 and the Appropriated Amount is now a schedule to the MOU.

Ken

Sent from my iPhone

On Nov 15, 2017, at 9:37 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi Gavin
>
> We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.
>
> From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** Gavin He
> **Sent:** Tuesday, November 14, 2017 9:04 AM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription

form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.

2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Talwar, Shruti (ENERGY)
To:	Gavin He
Cc:	John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 16, 2017 9:43:13 AM

Thanks very much, Gavin. We will take a look.

Shruti

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 15, 2017 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have

everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
   - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
     OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended

recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Gavin He
To:	"Talwar, Shruti (ENERGY)"
Cc:	John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Wednesday, November 15, 2017 5:26:39 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v10Clean.docx FAA section 11.4 Certificate Form_Draft(v3)Clean.docx

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.

OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
   - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
     OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of

   i) Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) Making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date:

   a. a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]**, and
   b. a certificate confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment (the "Certificate"). The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Ministry's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8) Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Ministry, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of OPG

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

[Energy/OPG to provide the updated OPG's wire transfer information here.]

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of OPG

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I [**Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

DRAFT

From: Gavin He
To: John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Wednesday, November 15, 2017 5:03:43 PM

Hi John,

Yes, I will send a clean version to Shruti and let her know that these are staff level draft and are subject to further changes.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, November 15, 2017 5:02 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Could you send to Shruti with that Caveat?

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept

simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Ronald Kwan
To:	John Kim; Gavin He
Cc:	Usman Zahid
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Wednesday, November 15, 2017 5:01:09 PM

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau

<Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]

Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar

Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Ronald Kwan
To: Gavin He
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Wednesday, November 15, 2017 3:59:38 PM
Attachments: UFSF_20171110.pdf

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)

- Scanned electronic copies for the share subscription form & FAA certificate are acceptable
- Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

Ontario Nuclear Funds Agreement - Disbursement Checklist

☐ Decommissioning Segregated Fund

☑ Used Fuel Segregated Fund

Date of Disbursement to be paid: November 10, 2017

Finance and Treasury Division review of Disbursement Notice documents:

☑ Notice is duly signed by the Payee as per the latest/current incumbency certificate on file with the Custodian and the Province. {ONFA 3.10.1(c) and 4.7.1(c)}

☑ Notice is dated Sept-20/17 at least 30 business days prior to the date of Disbursement to be paid. {ONFA 3.10.1(c)(i) and 4.7.1(c) (i) and 14.6}

☑ Notice specifies the amount $ 4,702,499 requested to be Disbursed {ONFA 3.10.1(c)(i) and 4.7.1(c)(i)}

☑ Accompanied by a statement (of funds use) containing details as to the proposed use of the proceeds of the Disbursement. {ONFA 3.10.1(c)(ii) and 4.7.1(c)(ii)}

☑ The Disbursement amount, if Disbursed, does not exceed or causes the total year-to-date Disbursement to exceed the Approved Budget. {ONFA 3.10.1(a) and 4.7.1(a)}

☑ Accompanied by a certificate duly signed by an OPG senior officer to the Province and the Custodian certifying that: {ONFA 3.10.1(c)(iii) and 4.7.1(c)(iii)}

- Such senior officer has read and is familiar with the provisions of ONFA and has all information necessary to make the certification (Items #1 & 2)
- That all costs included are Eligible Costs and identifying these Eligible Costs, by reference, to the Approved Budget (and separately the Incremental Costs) (Items #4&9)
- Whether, and to the extent that a Default or an Event of Default has occurred, or would occur by reason of receipt of the Disbursement (Items #5 & 7)
- That all requirements of any Applicable Regulator and Applicable Law with respect to the matters identified in the Disbursement statement have been met (Item #8)

Where the Payee is not OPG nor an OPGNS:

☐ A copy of same docs. (Disbursement Notice, certificate and statement) are sent to OPG

☐ The certificate shall be provided by OPG within 2 Business Days of the statement (of funds use). {ONFA 3.10.1(c)(iii) and 4.7.1(c)(iii)} Date certificate provided

Comments:

Dated: Oct. 26/17

Robert Bozinoski
Finance and Treasury Division

Corporate and Electricity Finance Division Designate's comments:

☑ Not aware of any Default or if an Event of Default has occurred.

☑ Not aware of any reason why this Disbursement should not proceed or that costs included are not eligible under ONFA (to the best of my knowledge).

Comments:

Dated: Oct. 30/17

Corporate and Electricity Finance Division

SCHEDULE 1.1.21

DISBURSEMENT NOTICE

TO: CIBC Mellon Trust Company (the "**Custodian**")

AND TO: Her Majesty the Queen in right of Ontario (the "**Province**")

FROM: Ontario Power Generation Inc. ("**Payee**")

RE: Used Fuel Segregated Fund established pursuant to the provisions of a used fuel segregated fund custodian agreement dated as of October 5, 2010 between the Province, Ontario Power Generation Inc., the Custodian and CIBC Mellon Global Securities Services (the "**Custodian Agreement**")

---

1. I am the Chief Investment Officer of OPG.

2. I hereby request a Disbursement from the Used Fuel Segregated Fund in the amount of $4,702,499 to be paid on November 10, 2017. This date complies with Section 7.1 of the Custodian Agreement.

3. The funds requested will be used for the activities or expenses set out in the attached statement of funds use.

4. Capitalized terms used but not defined in this Disbursement Notice have the meanings given to them in the Custodian Agreement.

Dated this 20th day of September, 2017.

David Kaposi
Chief Investment Officer
Ontario Power Generation Inc.

Payment instructions:

Debit account:	UFEF0007002 (CIBC Mellon)
Credit account:	476960297410 (Bank of Nova Scotia)
Branch:	Toronto Business Support Centre 44 King Street West Toronto, ON M5H 1H1
SWIFT Code:	NOSCCATT
Transit Number:	47696
Bank Code:	002

OPG CERTIFICATE

TO: Canadian Imperial Bank of Commerce (the "**Custodian**")

AND TO: Her Majesty the Queen in right of Ontario (the "**Province**")

RE: Used Fuel Segregated Fund established pursuant to the provisions of a used fuel segregated fund custodian agreement entered into as of July 16, 2003 between the Custodian, Ontario Power Generation Inc. ("**OPG**"), the Province, CIBC Mellon Global Securities Services Company and Mellon Bank, N.A. (the "**Custodian Agreement**") and Disbursement Notice by **OPG Treasury** delivered pursuant to section 7.1.1 thereof

---

1. I am the VP Finance, Chief Controller and Accounting Officer of OPG and in this capacity I have knowledge of, and sufficient information about, the matters that I am certifying in this Certificate. This Certificate is based on my knowledge as of the date of this Certificate and is not given in my personal capacity.

2. I have read and am familiar with the Disbursement Notice to which this Certificate relates and the provisions of ONFA and have reviewed and am familiar with all other information, in each case, which in my reasonable belief is necessary to be in a position to certify the matters referred to below.

3. Intentionally omitted.

4. All of the costs and expenses identified in the Disbursement Notice to which this Certificate relates and to be paid with the funds requested pursuant to that Disbursement Notice (the "**Requested Funds**") are costs and expenses that are Used Fuel Eligible Costs (as defined in ONFA) or are otherwise specifically authorized by ONFA to be paid from the Used Fuel Segregated Fund.

5. No Default or Event of Default (each as defined in ONFA) has occurred which has not been cured as of the date of this Certificate.

6. Intentionally omitted.

7. No Default or Event of Default (each as defined in ONFA) will occur as a result of the Disbursement requested by the Disbursement Notice to which this Certificate relates.

8. All requirements of any Applicable Regulator and Applicable Law (each as defined in the ONFA) with respect to the proposed uses of the Requested Funds have been met.

9. The attached statement sets out, to the extent that the Requested Funds are not costs and expenses otherwise specifically authorized by ONFA to be paid from the Used Fuel Segregated Fund in accordance with section 4 of this Certificate, the proposed uses of the Requested Funds by reference to the current Approved Budget (as defined in ONFA), and identifies the specific Used Fuel Eligible Costs (as defined in ONFA) the Requested Funds will be used for and, if applicable, separately identifies the specific Incremental Costs (as defined in ONFA) that the Requested Funds will be used for.

10. Capitalized terms used but not defined in this Certificate have the meaning given to them in the Custodian Agreement.

Dated this 14th day of September, 2017.

John Mauti
VP Finance, Chief Controller and Accounting Officer
Ontario Power Generation Inc.

STATEMENT OF FUNDS USE

The funds requested will be expended to pay for the following costs and expenses:

Used Fuel Eligible Costs
2017 Expenditures Year-to-Date August 31, 2017

Approved Budget - Line Item No.

	Actual (Cost)	Approved Budget
Program: Adaptive Phased Management (APM), Lifecycle Liability Management (LLM), and OPG		
1.0 APM	17,450,278	48,208,000
1.1 Build Relationships	1,208,172	2,924,000
1.2 Siting Process	8,647,841	27,157,000
1.3 Engineered Barrier Design & Proof Testing	4,589,181	12,195,000
1.4 Technical Research & Collaboration	2,046,964	3,222,000
1.5 Transportation of Used Fuel	642,987	2,013,000
1.6 Funding Formula	5,516	96,000
1.7 Governance Structure	309,617	601,000
2.0 APM Staffing	11,481,527	20,146,000
3.0 APM Common Services	5,615,387	9,916,000
Less: Adjustment in OPG's Funding Share (1.26%)	(435,295)	(988,000)
4.0 OPG Oversight	100,597	169,000
5.0 R&D in Radiological Waste Disposal	-	125,000
6.0 LLM	349,776	683,000
6.1 Staffing	309,210	449,000
6.2 NWMO Common Services	40,565	234,000
Approved Level 1 Budget Total	34,562,269	78,259,000

Less Disbursement Paid on Apr 12, 2017	4,321,976
Less Disbursement Paid on May 19, 2017	3,606,911
Less Disbursement Paid on June 19, 2017	4,646,304
Less Disbursement Paid on June 19, 2017	3,626,443
Less Disbursement Paid on August 11, 2017	4,045,807
Less Disbursement Paid on September 15, 2017	3,971,543
Less Disbursement submitted on Aug 11, 2017	5,640,786
Balance to be Transferred	4,702,499 ✓

*HST is not included

ONFA Disbursement Reconciliation Report

Used Fuel Segregated Fund - Disbursements

WORK PROGRAM	BUDGET 2017		DISBURSEMENTS															
	Total Approved Budget Amount	OPG Current Budget	Apr 12 /17 for period ending Jan 31 /17	May 19 /17 for period ending Feb 28 /17	Jun 19 /17 for period ending Mar 31 /17	Jul 19 /17 for period ending Apr 28 /17	Aug 11 /17 for period ending May 31 /17	Sep 15 /17 for period ending Jun 30 /17	Oct 3 /17 for period ending Jul 31 /17	Nov 10 /17 for period ending Aug 31 /17	for period ending	for period ending	for period ending	for period ending		YTD Totals Disb.	Remaining Budget	% of Disbursed Budget
(5)																		
Long-term - Used Fuel Management Program																		
Building Relationships	2,924,000	2,924,000	82,894	101,257	295,643	137,203	14,859	71,300	330,611	174,405		0	0	0		1,208,172	1,715,828	
Siting Process	27,157,000	27,157,000	1,027,461	758,034	1,204,017	524,550	802,449	906,394	1,962,871	1,462,065		0	0	0		8,647,841	18,509,159	
Engineered Barrier design & proof testing	12,195,000	12,195,000	836,525	479,826	484,511	589,205	544,706	506,535	853,674	293,999		0	0	0		4,589,181	7,605,819	
Technical research & collaboration	3,222,000	3,222,000	138,744	260,425	289,304	282,303	254,518	405,491	168,427	247,752		0	0	0		2,046,964	1,175,036	
Transportation of used fuel	2,013,000	2,013,000	140,457	56,214	78,176	73,422	73,554	18,777	110,659	91,728		0	0	0		642,987	1,370,013	
Funding formula	96,000	96,000	5,516	0	0	0	0	0	0	0		0	0	0		5,516	90,484	
Governance Structure	601,000	601,000	37,344	38,501	32,417	48,442	28,584	36,651	46,131	41,547		0	0	0		309,617	291,383	
Staffing	20,146,000	20,146,000	1,385,046	1,310,985	1,589,560	1,284,122	1,586,847	1,419,733	1,444,018	1,481,236		0	0	0		11,481,527	8,664,473	
APM Common services	9,916,000	9,916,000	652,464	576,095	628,860	680,974	769,102	614,754	756,969	936,169		0	0	0		5,615,387	4,300,613	
less: Adjustment to OPG's funding share	-988,000	-988,000	-54,261	-45,125	-57,991	-45,615	-51,089	-50,142	-71,486	-59,586		0	0	0		(435,295)	(552,705)	
Total Long Term Used Fuel Management	77,282,000	77,282,000	4,252,190	3,536,192	4,544,497	3,574,606	4,003,530	3,929,493	5,602,074	4,669,315	0	0	0	0	0	34,111,897	43,170,103	44.1%
OPG oversight	169,000	169,000	16,498	17,244	12,911	11,605	9,705	11,697	13,300	7,636		0	0	0		100,597	68,403	59.5%
R&D in Radiological Waste Disposal	125,000	125,000	0	0	0	0	0	0	0	0		0	0	0		0	125,000	0.0%
Liability and Lifecycle Management (LLM)																		
	0	0	0	0	0	0	0	0	0	0		0	0	0		0	0	
Staffing	449,000	449,000	36,180	36,593	82,321	40,232	32,571	30,353	25,412	25,548		0	0	0		309,210	139,790	
NWMO Common services	234,000	234,000	17,108	16,882	6,575	0	0	0	0	0		0	0	0		40,565	193,435	
	683,000	683,000	53,288	53,475	88,896	40,232	32,571	30,353	25,412	25,548	0	0	0	0	0	349,775	333,225	51.2%
Business Plan Total	78,259,000	78,259,000	4,321,976	3,606,911	4,646,304	3,626,443	4,045,807	3,971,543	5,640,786	4,702,499	0	0	0	0	0	34,562,269	43,696,731	44.2%

From:	Gavin He
To:	Ronald Kwan
Cc:	Usman Zahid; John Kim
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Wednesday, November 15, 2017 1:59:04 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v10.docx FAA section 11.4 Certificate Form_Draft(v3).docx

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning

<Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM

To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch

Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "~~Minister~~Ministry")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The ~~Minister~~Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The ~~Minister~~Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the ~~Minister~~Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the

"Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the ~~Minister~~Ministry.

8. The ~~Minister~~Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The ~~Minister~~Ministry has advised the OFA that the ~~Minister~~Ministry is required to make the Subscription Payments within [*] business days of the receipt by the ~~Minister~~Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The ~~Minister~~Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the ~~Minister~~Ministry and the OFA has agreed to make the Subscription Payments on behalf of the ~~Minister~~Ministry.

11. The ~~Minister~~Ministry and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The ~~Minister~~Ministry and the OFA agree as follows:

1) Payment Authorization

a) The ~~Minister~~Ministry authorizes the OFA to make the Subscription Payments on behalf of the ~~Minister~~Ministry and the OFA agrees to make the Payments on behalf of the ~~Minister~~Ministry.

~~b) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is completed, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made to OPG.~~

~~c)~~b) It is agreed by the ~~Minister~~Ministry and the OFA that the OFA is acting as an agent, on behalf of the ~~Minister~~Ministry, for the purposes of

i) Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the ~~Minister~~Ministry in respect of the Fair Hydro Plan, and

ii) Making the required Subscription Payments on behalf of the ~~Minister~~Ministry as further described in this MOU.

2) Payment Process

a) The ~~Minister~~Ministry will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the ~~Minister~~Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The ~~Minister~~Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date:

a. a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]**, and

~~b)~~b. a certificate confirming that ~~at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that~~ there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment (the "Certificate"). The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the ~~Minister~~Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the ~~Minister~~Ministry if the ~~Minister~~Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined ~~Minister~~Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the ~~Minister~~Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the ~~Minister~~Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments;

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted

Formatted: Font: Not Italic

monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The ~~Minister~~Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the ~~Minister~~Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the ~~Minister~~Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the ~~Minister~~Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the ~~Minister~~Ministry's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8) Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the ~~Minister~~Ministry, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.

2. The Speaker of the Assembly.

3. The Auditor General.

4. The Chief Electoral Officer.

5. A person authorized by the Management Board of Cabinet.

6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of OPG

Formatted: Centered

Formatted: Centered

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

[Energy/OPG to provide the updated OPG's wire transfer information here.]

Formatted: Font: Bold, English (United States)

Formatted: Centered

Formatted: English (United States)

~~FAA SECTION 11.4 (1)(C)~~ CERTIFICATE

Ministry of Energy Subscription for Class A Shares of OPG

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person ~~authorised~~ authorized by either of them under FAA s. 11.4]** hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and

ii) OPG is ~~eligible for or~~ entitled to the Subscription Payment.

Dated:

_____

name:

title:

DRAFT

Formatted: Indent: First line: 0"

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 1"

Formatted: Font: (Default) Times New Roman, 12 pt

From: Gavin He
To: John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Wednesday, November 15, 2017 10:46:26 AM

Hi John,

I see.

Also, Mike responded saying that he has no comments. Should I send this to Ron to review before going back to Energy?

Thanks,
Gavin He

From: John Kim
Sent: Wednesday, November 15, 2017 10:45 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

I think what Ken is asking is to have Energy provide wire information attached as another Schedule, just like the Certificates, so we have something official.

From: Gavin He
Sent: Wednesday, November 15, 2017 10:41 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Did you understand Ken K.'s comment on question 1? It seems that he is saying of the opposite of what we are proposing?

Regards,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 15, 2017 9:47 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Ken

This is just to confirm that with respect to the comment for paragraph 1 that the form of the certificate for 11.4 and the Appropriated Amount is now a schedule to the MOU.

Ken

Sent from my iPhone

On Nov 15, 2017, at 9:37 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi Gavin
>
> We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.
>
> From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** Gavin He
> **Sent:** Tuesday, November 14, 2017 9:04 AM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Subject:** FW: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi Ken and Mike,
>
> Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.
>
> Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.
4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable

- Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He
To: John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Wednesday, November 15, 2017 10:41:16 AM

Hi John,

Did you understand Ken K.'s comment on question 1? It seems that he is saying of the opposite of what we are proposing?

Regards,
Gavin He

From: Kenneth Russell
Sent: Wednesday, November 15, 2017 9:47 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Ken

This is just to confirm that with respect to the comment for paragraph 1 that the form of the certificate for 11.4 and the Appropriated Amount is now a schedule to the MOU.

Ken

Sent from my iPhone

On Nov 15, 2017, at 9:37 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi Gavin
>
> We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.
>
> From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.
>
> Thanks
>
> Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Ken Kandeepan
To:	Gavin He
Cc:	John Kim; Kenneth Russell; Alfonso Soriano; John Psinas; Risa Thau; George Sakura; Mike Manning
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Wednesday, November 15, 2017 9:37:21 AM

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]

Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar

Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He
To: John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Friday, November 24, 2017 9:25:58 AM

Hi John,

Sure, I will check with FTD and Ken R about the contact names.

Regards,
Gavin He

From: John Kim
Sent: Friday, November 24, 2017 9:25 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Fwd: OFA/Energy MOU - Follow up from Nov 9 meeting

Not a bad idea. Circle back to FTD and then Ron and let's get it done.

Sent from my iPad

Begin forwarded message:

> **From:** "Gounden, Pratima (ENERGY)" <Pratima.Gounden@ontario.ca>
> **Date:** November 24, 2017 at 9:20:39 AM EST
> **To:** "He, Gavin (OFA)" <Gavin.He@ofina.on.ca>, "Young, Graham (ENERGY)" <Graham.Young@ontario.ca>
> **Cc:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>, "Russell, Kenneth (OFA)" <Kenneth.Russell@ofina.on.ca>, "Sud, Manu (ENERGY)" <Manu.Sud@ontario.ca>, "Ogunrinde, Deni (ENERGY)" <Deni.Ogunrinde@ontario.ca>, "Sawwaf, Khareem (ENERGY)" <Khareem.Sawwaf@ontario.ca>, "McKinlay, Tom (MAG)" <Tom.McKinlay@ontario.ca>, "Talwar, Shruti (ENERGY)" <Shruti.Talwar@ontario.ca>, "Sadasivan, Asokan (MEDG/MRIS)" <Asokan.Sadasivan@ontario.ca>
> **Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting**
>
> Hi Gavin,
>
> We had the opportunity to brief our CAO yesterday and he recommends removing the names in the contact section of the MOU – essentially only referring to the contacts by title. The reason for this is that we don't want to continually update the MOU as people change positions, and also, this MOU will probably outlive most of our careers with the Ministry, so it shouldn't be tied to specific people.
>
> Also, I believe Asokan spoke to you about additional edits to Schedule A. He is working with the accounting team on those now.

Thanks,
Pratima

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 24, 2017 8:49 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Sorry for the delay in sending you this. Please find attached the clean version of the MOU between OFA and ENERGY, which I will use for our ADM's sign-off.

Here are the changes since last version you sent to us:

1. Section 3(d) was removed as discussed with Asokan yesterday.
2. Added contact names for OFA.

Please let me know if you have any other questions.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Tuesday, November 21, 2017 4:17 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from Corporate on page 5.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.

Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate

should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    OFA: Could you please provide us with the updated OPG's wire transfer information?
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
    OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Talwar, Shruti (ENERGY)
To:	John Kim
Cc:	Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG); Gavin He
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Tuesday, November 14, 2017 12:25:06 PM

Good to know, John.

When can we expect to see the next draft?

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 14, 2017 7:33 AM
To: Talwar, Shruti (ENERGY)
Cc: Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); He, Gavin (OFA)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Let's work towards that timeline. I don't foresee a problem.

Thanks,

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the

MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Tuesday, November 14, 2017 8:39:40 AM

Hi John,

Sure, will do.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, November 14, 2017 7:39 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Let's get this thing done in the mid part of the week.

Thanks,

John

From: John Kim
Sent: Tuesday, November 14, 2017 7:33 AM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Let's work towards that timeline. I don't foresee a problem.

Thanks,

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM

To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698

shruti.talwar@ontario.ca

From: Gavin He
To: John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Monday, November 13, 2017 10:56:25 AM

Hi John,

I have reviewed the MOU and the Certificate form and I am good with the edits. Could you please let me know if you are good with this? If so, I can share this with Ron.

Also, I will follow up with Ken R. on Ron's question on whether OPG is entitled to receive the appropriation from Energy under section 11.4.

Regards,
Gavin He

From: Kenneth Russell
Sent: Saturday, November 11, 2017 11:18 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

John and Gavin

Attached are revised drafts of eth MOU and the certificate for your review.

Ken

From: John Kim
Sent: Friday, November 10, 2017 11:30 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Pls. take a look

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Kenneth Russell
To:	John Kim; Gavin He
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Saturday, November 11, 2017 11:18:11 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v9(OFA Legal).docx FAA section 11.4 Certificate Form_Draft(v3).docx

John and Gavin

Attached are revised drafts of eth MOU and the certificate for your review.

Ken

From: John Kim
Sent: Friday, November 10, 2017 11:30 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Pls. take a look

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed

yesterday, it would be ideal if this could be done in the same certificate mentioned above.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: XXXXXXX

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "~~Minister~~Ministry")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The ~~Minister~~Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The ~~Minister~~Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the ~~Minister~~Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the

"Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the ~~Minister~~Ministry.

8. The ~~Minister~~Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The ~~Minister~~Ministry has advised the OFA that the ~~Minister~~Ministry is required to make the Subscription Payments within [*] business days of the receipt by the ~~Minister~~Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The ~~Minister~~Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the ~~Minister~~Ministry and the OFA has agreed to make the Subscription Payments on behalf of the ~~Minister~~Ministry.

11. The ~~Minister~~Ministry and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The ~~Minister~~Ministry and the OFA agree as follows:

1) Payment Authorization

a) The ~~Minister~~Ministry authorizes the OFA to make the Subscription Payments on behalf of the ~~Minister~~Ministry and the OFA agrees to make the Payments on behalf of the ~~Minister~~Ministry.

~~b) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is completed, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made to OPG.~~

~~c)~~b) It is agreed by the ~~Minister~~Ministry and the OFA that the OFA is acting as an agent, on behalf of the ~~Minister~~Ministry, for the purposes of

i) Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the ~~Minister~~Ministry in respect of the Fair Hydro Plan, and

ii) Making the required Subscription Payments on behalf of the ~~Minister~~Ministry as further described in this MOU.

2) Payment Process

a) The ~~Minister~~Ministry will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the ~~Minister~~Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The ~~Minister~~Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date:

a. a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]**, and

~~b)~~b. a certificate confirming that ~~at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that~~ there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment (the "Certificate"). The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the ~~Minister~~Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the ~~Minister~~Ministry if the ~~Minister~~Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined ~~Minister~~Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the ~~Minister~~Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the ~~Minister~~Ministry.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments;

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted

Formatted: Font: Not Italic

monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The ~~Minister~~Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the ~~Minister~~Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the ~~Minister~~Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the ~~Minister~~Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the ~~Minister~~Ministry's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8) Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the ~~Minister~~Ministry, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.

2. The Speaker of the Assembly.

3. The Auditor General.

4. The Chief Electoral Officer.

5. A person authorized by the Management Board of Cabinet.

6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of OPG

Formatted: Centered

Formatted: Centered

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

~~FAA SECTION 11.4 (1)(C)~~ CERTIFICATE

Ministry of Energy Subscription for Class A Shares of OPG

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date]**

The Share Subscription Form requests payment by the Ministry to OPG of the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person ~~authorised~~ authorized by either of them under FAA s. 11.4]** hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and

ii) OPG is ~~eligible for or~~ entitled to the Subscription Payment.

Dated:

_____

name:

title:

DRAFT

Formatted: Indent: First line: 0"

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: i, ii, iii, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 1"

Formatted: Font: (Default) Times New Roman, 12 pt

From:	Gavin He
To:	Pratima Gounden (ENERGY); Graham Young (MOI)
Cc:	John Kim; Kenneth Russell; Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG); Talwar, Shruti (ENERGY); Asokan Sadasivan (MEDTE/MRI)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Friday, November 24, 2017 9:25:26 AM

Hi Pratima,

Thanks for the heads-up. Asokan did talk to me about whether we need any additional supporting documents, but didn't realize that it will require changes to the MOU or specifically the Certificate form. We will wait for the edits from you then.

Thanks,
Gavin He

From: Gounden, Pratima (ENERGY) [mailto:Pratima.Gounden@ontario.ca]
Sent: Friday, November 24, 2017 9:21 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

We had the opportunity to brief our CAO yesterday and he recommends removing the names in the contact section of the MOU – essentially only referring to the contacts by title. The reason for this is that we don't want to continually update the MOU as people change positions, and also, this MOU will probably outlive most of our careers with the Ministry, so it shouldn't be tied to specific people.

Also, I believe Asokan spoke to you about additional edits to Schedule A. He is working with the accounting team on those now.

Thanks,
Pratima

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 24, 2017 8:49 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)

Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Sorry for the delay in sending you this. Please find attached the clean version of the MOU between OFA and ENERGY, which I will use for our ADM's sign-off.

Here are the changes since last version you sent to us:

1. Section 3(d) was removed as discussed with Asokan yesterday.
2. Added contact names for OFA.

Please let me know if you have any other questions.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Tuesday, November 21, 2017 4:17 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from Corporate on page 5.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)

Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated

the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)

OFA: Could you please provide us with the updated OPG's wire transfer information?

- Scanned electronic copies for the share subscription form & FAA certificate are acceptable
- Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
  OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Gounden, Pratima (ENERGY)
To:	Gavin He; Graham Young (MOI)
Cc:	John Kim; Kenneth Russell; Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG); Talwar, Shruti (ENERGY); Asokan Sadasivan (MEDTE/MRI)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Friday, November 24, 2017 9:20:54 AM

Hi Gavin,

We had the opportunity to brief our CAO yesterday and he recommends removing the names in the contact section of the MOU – essentially only referring to the contacts by title. The reason for this is that we don't want to continually update the MOU as people change positions, and also, this MOU will probably outlive most of our careers with the Ministry, so it shouldn't be tied to specific people.

Also, I believe Asokan spoke to you about additional edits to Schedule A. He is working with the accounting team on those now.

Thanks,
Pratima

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November 24, 2017 8:49 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Sorry for the delay in sending you this. Please find attached the clean version of the MOU between OFA and ENERGY, which I will use for our ADM's sign-off.

Here are the changes since last version you sent to us:

1. Section 3(d) was removed as discussed with Asokan yesterday.
2. Added contact names for OFA.

Please let me know if you have any other questions.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Tuesday, November 21, 2017 4:17 PM
To: Gavin He <Gavin.He@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from Corporate on page 5.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM

To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
   - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
     OFA: Could you please provide us with the updated OPG's wire transfer information?
   - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
   - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
     OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Friday, November 24, 2017 8:49:23 AM

Hi Ron,

Thanks and will do.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 11:43 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin.

Sure, please send to Energy and put together the approval package.

Ron

From: Gavin He
Sent: November-23-17 5:17 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

FTD, CMD and OFA Legal have confirmed that they are fine with the attached version. In addition, I have attached a clean copy for your review and approval. I can start putting together the approval package.

Are you good with the clean version going back to ENERGY so that they can start their approval process?

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the

discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From:	Gavin He
To:	Graham Young (MOI)
Cc:	John Kim; Kenneth Russell; Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Tom McKinlay (MAG); Pratima Gounden (ENERGY); Talwar, Shruti (ENERGY)
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Friday, November 24, 2017 8:48:54 AM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v12Clean.docx

Hi Graham,

Sorry for the delay in sending you this. Please find attached the clean version of the MOU between OFA and ENERGY, which I will use for our ADM's sign-off.

Here are the changes since last version you sent to us:

1. Section 3(d) was removed as discussed with Asokan yesterday.
2. Added contact names for OFA.

Please let me know if you have any other questions.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Tuesday, November 21, 2017 4:17 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

Thank you for getting back to us. We are OK to remove the conflicts cause.

If you are OK with the attached, can you please send us a clean version back tomorrow? This version is the same as what you sent me this morning, except we made a change to the contact name from Corporate on page 5.

Thank you
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-21-17 9:21 AM

To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Russell, Kenneth (OFA); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG); Gounden, Pratima (ENERGY); Talwar, Shruti (ENERGY)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Graham,

Thank you very much for the feedback. We have reviewed and included our comments in the attached version. Please note that we prefer not to include your proposed paragraph concerning conflicts between the MOU and the MSA. As we pointed out in the meeting as well, OFA's role in this process is to facilitate the payment on behalf of ENERGY. If ENERGY has concerns about specific issues where conflict may arise, our expectation is that ENERGY should address that directly. For example, if the MSA called for a payment schedule which the OFA cannot meet, the OFA could not agree that the MOU be subject to those provisions of the MSA.

Please let us know if you are okay with this.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, November 20, 2017 4:11 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Gavin,

Attached are edits back on the MOU from ENERGY policy, legal and corporate.

Please let us know if you have any concerns or questions.
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: November-15-17 5:27 PM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); McKinlay, Tom (MAG)
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Shruti,

Please find attached the updated draft MOU for your review and comments. We have incorporated the comments that we got from the meeting last week. Also, we have drafted the Certificate Form for your review as well. Please note that these are staff level draft and are subject to further changes.

Also, please see our responses to your questions below in red font.

Please let us know if you have any questions.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made.
   OFA: This has been reflected in the updated version of the MOU.

2. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above.
   OFA: This has been reflected in the updated version of the MOU.

3. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
      OFA: Could you please provide us with the updated OPG's wire transfer information?
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made.
      OFA: Yes, the Settlements team of OFA can do that. Could you please provide a contact for this?

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **November , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Ministry will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within [*] business days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date").

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three business days before the Share Subscription Payment Date, electronic copies of the following:

a. a clear and legible electronic copy of each Share Subscription executed and approved for payment by the Minister of Energy or a delegate, and

b. a clear and legible electronic copy of a certificate (the "Certificate") confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under Section 11.4 of the *Financial* Administration *Act*, that OPG is entitled to receive the Subscription Payment. The form of the Certificate is attached as Schedule A to this MOU. Upon receipt of the executed and approved Share Subscription and the Certificate, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription and the Certificate as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

e) The OPG wire transfer information for the Subscription Payments is attached as Schedule B to this MOU.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of

executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

In the case of the OFA:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

In the case of the Ministry:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 416 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription form dated **[date]** (the "Share Subscription Form") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription Form requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

From:	Ronald Kwan
To:	Gavin He
Cc:	Usman Zahid; John Kim
Subject:	RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date:	Thursday, November 23, 2017 11:42:57 PM

Thanks Gavin.

Sure, please send to Energy and put together the approval package.

Ron

From: Gavin He
Sent: November-23-17 5:17 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

FTD, CMD and OFA Legal have confirmed that they are fine with the attached version. In addition, I have attached a clean copy for your review and approval. I can start putting together the approval package.

Are you good with the clean version going back to ENERGY so that they can start their approval process?

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,

Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, November 15, 2017 5:01 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi John,
>
> Sure. Fine to share, with that caveat.
>
> Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM

To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.
4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From: Gavin He
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Wednesday, December 06, 2017 1:47:41 PM
Attachments: OFA - MoE MOU Fair Hydro Plan_v15 ENERGY Dec 05_Final.docx

---

Hi Ron,

ENERGY has signed the MOU. Attached is the final version, which is the same as the version I sent you on Friday, December 1.

I brought it up to FTD for their signature on the blue sheet, but Ken said that he should sign off on the MOU too, since they are the one making the payment. So I added a line for his signature in those 2 hard copies.

ENERGY would like to have get this back ASAP. I left the package to Usman for your signature.

Thanks,
Gavin He

From: Gavin He
Sent: Friday, December 01, 2017 4:09 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

We have landed on the final version of the MOU between OFA and ENERGY. It has been reviewed by OFA Legal, FTD, and CMD. Please let me know if you are good with this.

Here's a summary of the key changes since the last version you saw:

1. A new schedule (Schedule C) was added at the end of the document, as a confirmation of payment authorisation from ENERGY. Section 2) Payment Process was updated to add reference to schedule C as well.
2. Removed the word "subordinate" in paragraph 4 to be consistent with the Master Share Subscription Agreement executed between OPG and ENERGY. OFA Legal is good with this change too.
3. Added a definition of business day and number of days allowed to complete the payment, consistent with the MSA.
4. Added an acknowledgement of possible future changes to the wire transfer instruction.
5. For section 7 & 8, ENERGY decided to keep the names and contacts information, so we reserved the edits.

ENERGY will move forward with the sign-off from their ADM first and send the original to us. I will put together a blue sheet package with the required signatures once I receive the original.

Please let me know if you have any questions.

Thanks,
Gavin He

From: Ronald Kwan
Sent: Friday, November 24, 2017 12:06 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. Makes sense to me too.

Ron

From: Gavin He
Sent: November-24-17 10:24
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

ENERGY just told me that their CAO suggested we remove the names in the contact section of the MOU – essentially only referring to the contacts by title. This will eliminate updates when the contacts change. FTD and OFA Legal are good with that suggestion. ENERGY will send me an updated version of the MOU and I will share that with you once I have it.

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 11:43 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin.

Sure, please send to Energy and put together the approval package.

Ron

From: Gavin He
Sent: November-23-17 5:17 PM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

FTD, CMD and OFA Legal have confirmed that they are fine with the attached version. In addition, I have attached a clean copy for your review and approval. I can start putting together the approval package.

Are you good with the clean version going back to ENERGY so that they can start their approval process?

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, November 15, 2017 5:01 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi John,
>
> Sure. Fine to share, with that caveat.
>
> Ron
>
> ---
>
> **From:** John Kim
> **Sent:** November-15-17 16:46
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy

who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.
4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **December , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, the Legislative Assembly of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act provide the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.

6. In accordance with the Equity Injection Plan, the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within five (5) Business Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three Business Days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic copy of each Share Subscription executed and approved by the Minister of Energy or authorized delegate;
   b. a clear and legible electronic copy of a certificate, in the form attached as Schedule A to this MOU (the "Certificate"), confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and
   c. a clear and legible electronic copy of a payment authorization approved by the Deputy Minister of Energy or authorized delegate in the form attached as Schedule C to this MOU (the "Payment Authorization").

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments shall be as set out in Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

   a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
   b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
   c. authorizations under section 11.4 (2) 1 of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name: Carolyn Calwell
title: Assistant Deputy Minister
(Pursuant to delegated authority)

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **[date]** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) as consideration for the subscription for [number] Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 18, 2017 2:55:36 PM

Ok, cool….have a good time off.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, July 18, 2017 2:55 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

All good – I had another chat with legal and think they are getting comfortable. Hoping you guys are still willing to review the MSA even if OFA isn't a party to it (as I think OFA's probably more familiar with this type of stuff).

I'm off weds/thurs on a course but we can chat Friday.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 18, 2017 2:52 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Happy to chat about this tomorrow.

John

From: John Kim
Sent: Tuesday, July 18, 2017 2:51 PM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

On the OFA side, we are of the view that the MSA should be between OPG and Energy.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM

To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact

person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG.

The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the

credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Whitfield, Tobias P. (MOF)
To: John Kim
Cc: Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF)
Subject: RE: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 11:49:45 AM

Further to my last email, I realize it was an incomplete thought.

I did take a look at the earlier communication about what the reasoning for the OFA to be a party is. I am wondering if there should be a business level discussion about the roles of the parties. It seems to me that it makes sense that Energy is monitoring and reviewing/approving each injection, but please let me know if you think that the OFA would be doing that on behalf of Energy. I would think that the role of the OFA in the term sheet is not to make the calculations or determine whether the amount being requested by OPG is the correct amount, but more in terms of managing the actual flow of funds.

It might be helpful if someone set out what they see as the role of the OFA (I know that the SLA is being drafted, and that it will give more detail to this issue) in the monthly purchase of OPG shares. The role of the OFA at the stage of "settle equity injection amounts" is unclear, and I think this is the stage at which the roles need to be more clearly set out if the OFA is to do more than would normally occur in an SLA.

Once the role is determined, then how (and if) the OFA should be a party to the Subscription Agreement can be more clearly understood.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON
M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.

From: Whitfield, Tobias P. (MOF)
Sent: Monday, July 17, 2017 11:25 AM
To: John Kim
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
Subject: RE: OFHP - Business Issue next steps

Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?

Toby

Tobias Whitfield

Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON
M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.

From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, July 17, 2017 11:23 AM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
Subject: RE: OFHP - Business Issue next steps

Thanks for the follow up. I got sidetracked on a few things.

I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.

John

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, July 17, 2017 11:18 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.

I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON
M5G 2C8
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456

This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and

advise me by return e-mail or telephone of your doing so.

From: Montgomery, Kaitlin (MOF)
Sent: Friday, July 14, 2017 10:42 AM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?

2. When do you expect a draft SLA/MOU to be ready for ENE legal review?

3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to

facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week

I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Whitfield, Tobias P. (MOF)
To:	John Kim
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF)
Subject:	RE: OFHP - Business Issue next steps
Date:	Monday, July 17, 2017 11:25:23 AM

Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON
M5G 2C8
tobias.whitfield@ontario.ca
Phone: 416-325-1456

This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.

From: John Kim [John.Kim@ofina.on.ca]
Sent: Monday, July 17, 2017 11:23 AM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
Subject: RE: OFHP - Business Issue next steps

Thanks for the follow up. I got sidetracked on a few things.

I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.

John

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, July 17, 2017 11:18 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.

I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON
M5G 2C8
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456

This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.

From: Montgomery, Kaitlin (MOF)
Sent: Friday, July 14, 2017 10:42 AM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?

2. When do you expect a draft SLA/MOU to be ready for ENE legal review?

3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)

Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Tobias P. Whitfield (MOF)
Cc: Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF)
Subject: RE: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 11:23:49 AM

Thanks for the follow up. I got sidetracked on a few things.

I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.

John

-----Original Message-----
From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
Sent: Monday, July 17, 2017 11:18 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.

I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON
M5G 2C8
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456

This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.

From: Montgomery, Kaitlin (MOF)
Sent: Friday, July 14, 2017 10:42 AM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?

2. When do you expect a draft SLA/MOU to be ready for ENE legal review?

3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA)

(Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Whitfield, Tobias P. (MOF)
To: John Kim
Cc: Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF)
Subject: RE: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 11:20:39 AM

Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.

I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.

Toby

Tobias Whitfield
Counsel, Legal Services Branch
Ministry of Finance
777 Bay Street, 11th Floor
Toronto, ON
M5G 2C8
tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
Phone: 416-325-1456

This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.

From: Montgomery, Kaitlin (MOF)
Sent: Friday, July 14, 2017 10:42 AM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?

2. When do you expect a draft SLA/MOU to be ready for ENE legal review?

3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a “service” type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal’s input so I will send this to Sarah Neville for her review too if that’s ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kenneth Russell
To: John Kim; Sarah Neville
Subject: RE: OFHP - Business Issue next steps
Date: Friday, July 14, 2017 2:23:38 PM

John and Sarah

The main question to be answered is what are the extent of the OFA's responsibilities.

Is the OFA to provide only cash management services, or is it to have additional responsibilities? i.e. is the decision to fund the subscription to be made by the OFA or by MOE and is the decision that the amount requested under the subscription is appropriate to be made by the OFA or by MoE?

With respect to the first question it is not clear to me what the procedure would be to provide the OFA with the authority to authorise the expenditure.

With respect to the second my previous e-mails sets about my concerns about the lack of specificity in the current draft of the agreement with respect to determining the appropriate amount for each subscription.

There also remains the question of how to address the delivery of the certificate under section 11.4 of the FAA.

Ken

Ken

From: John Kim
Sent: Friday, July 14, 2017 12:10 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

I will take a look at the comments in detail but on the question of whether Gadi has signed off on this, my understanding is that Gadi has not yet been made aware of the proposed MSA. I spoke to Ron yesterday that OFA staff are looking into Energy's request. At some point, following our review, we would need to brief Gadi on the MSA (and the proposed approach).

An FYI, I got a call from Kaitlin this morning that Energy is keen to having the OFA party to the MSA.

John

From: Kenneth Russell
Sent: Friday, July 14, 2017 11:58 AM

To: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Sarah and John

Has Gadi signed off on this?

My most significant concern with the draft master subscription agreement is its lack of specificity.

In Section 1.1 the Minister of Energy commits to fund 44% of the total financing required by the Fair Hydro Trust. At this point there is no provision in the agreement to establish how that amount is determined. Section 2. of the draft agreement provides only that the monthly subscription amount will be determined by OPG and based on supporting information provided by OPG to be set out in as yet undrafted attachments to the agreement.

Section 11.4 (1)(c) of the Financial Administration Act requires that a certificate be issued confirming that OPG is entitled to or eligible for the payment. My understanding of the current practice of the OFA as reflected in the NIER MOU is to require that this certificate be provided by the Ministry in question. The proposal that the OFA be a party to the master subscription agreement suggests that authorisation would have to be obtained under section 11.2 of the FAA for OFA personnel to issue the certificate. Is that desired?

My initial view is that the provision of the certificate that OPG is entitled to the payment would require a determination that the amount is correct. The current draft of the master subscription agreement does not provide a basis for making that determination. The attachments to the agreement are intended to provide supporting information for the calculation. Further comments on this issue can be made once drafts of these attachments are prepared.

Ken

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>

Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>

Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]

Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Sarah Neville
To: John Kim; Kenneth Russell
Subject: RE: OFHP - Business Issue next steps
Date: Friday, July 14, 2017 1:15:23 PM

I did flag this for Gadi at my weekly on Tuesday, on the basis that Malle had brought me in late last week. We had a very brief discussion wherein I confirmed that my preliminary view was that I recommended that the OFA not be a party to the MSA and should enter into a separate MOU.

The rationale I provided was that the MSA was very unclear and the OFA's role, responsibilities and authorities were vague given that my understanding was the OFA was a facilitator of cash management services rather than a party with obligations and/or rights in respect of the shares.

Gadi was supportive of this approach (hence my e-mail last week setting out my concerns with the OFA being a party to the agreement), but this was certainly not a formal decision/approval or sign off .

Sarah

From: John Kim
Sent: Friday, July 14, 2017 12:10 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

I will take a look at the comments in detail but on the question of whether Gadi has signed off on this, my understanding is that Gadi has not yet been made aware of the proposed MSA. I spoke to Ron yesterday that OFA staff are looking into Energy's request. At some point, following our review, we would need to brief Gadi on the MSA (and the proposed approach).

An FYI, I got a call from Kaitlin this morning that Energy is keen to having the OFA party to the MSA.

John

From: Kenneth Russell
Sent: Friday, July 14, 2017 11:58 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Sarah and John

Has Gadi signed off on this?

My most significant concern with the draft master subscription agreement is its lack of specificity.

In Section 1.1 the Minister of Energy commits to fund 44% of the total financing required by the Fair

Hydro Trust. At this point there is no provision in the agreement to establish how that amount is determined. Section 2. of the draft agreement provides only that the monthly subscription amount will be determined by OPG and based on supporting information provided by OPG to be set out in as yet undrafted attachments to the agreement.

Section 11.4 (1)(c) of the Financial Administration Act requires that a certificate be issued confirming that OPG is entitled to or eligible for the payment. My understanding of the current practice of the OFA as reflected in the NIER MOU is to require that this certificate be provided by the Ministry in question. The proposal that the OFA be a party to the master subscription agreement suggests that authorisation would have to be obtained under section 11.2 of the FAA for OFA personnel to issue the certificate. Is that desired?

My initial view is that the provision of the certificate that OPG is entitled to the payment would require a determination that the amount is correct. The current draft of the master subscription agreement does not provide a basis for making that determination. The attachments to the agreement are intended to provide supporting information for the calculation. Further comments on this issue can be made once drafts of these attachments are prepared.

Ken

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully

aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new

updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Kenneth Russell; Sarah Neville
Subject: RE: OFHP - Business Issue next steps
Date: Friday, July 14, 2017 12:10:05 PM

I will take a look at the comments in detail but on the question of whether Gadi has signed off on this, my understanding is that Gadi has not yet been made aware of the proposed MSA. I spoke to Ron yesterday that OFA staff are looking into Energy's request. At some point, following our review, we would need to brief Gadi on the MSA (and the proposed approach).

An FYI, I got a call from Kaitlin this morning that Energy is keen to having the OFA party to the MSA.

John

From: Kenneth Russell
Sent: Friday, July 14, 2017 11:58 AM
To: Sarah Neville <Sarah.Neville@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Sarah and John

Has Gadi signed off on this?

My most significant concern with the draft master subscription agreement is its lack of specificity.

In Section 1.1 the Minister of Energy commits to fund 44% of the total financing required by the Fair Hydro Trust. At this point there is no provision in the agreement to establish how that amount is determined. Section 2. of the draft agreement provides only that the monthly subscription amount will be determined by OPG and based on supporting information provided by OPG to be set out in as yet undrafted attachments to the agreement.

Section 11.4 (1)(c) of the Financial Administration Act requires that a certificate be issued confirming that OPG is entitled to or eligible for the payment. My understanding of the current practice of the OFA as reflected in the NIER MOU is to require that this certificate be provided by the Ministry in question. The proposal that the OFA be a party to the master subscription agreement suggests that authorisation would have to be obtained under section 11.2 of the FAA for OFA personnel to issue the certificate. Is that desired?

My initial view is that the provision of the certificate that OPG is entitled to the payment would require a determination that the amount is correct. The current draft of the master subscription agreement does not provide a basis for making that determination. The attachments to the agreement are intended to provide supporting information for the calculation. Further comments on this issue can be made once drafts of these attachments are prepared.

Ken

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>

Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you

already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: OFHP - Business Issue next steps
Date:	Friday, July 14, 2017 10:45:35 AM

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this

agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1

year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Kenneth Russell; Sarah Neville
Cc: Bruno Amara; Ken Kandeepan; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Friday, July 14, 2017 9:42:03 AM

Hi Ken, Sarah,

Any issue on OFA being listed in the MSA, per #1 below? To the extent that SLA/MOU would clearly indicate that Energy is responsible and the OFA facilitates certain services, I don't have a problem with #1.

In terms of #3, we may want to put the onus on Energy to notify OFA if any material changes occur, e.g. law/legal framework, approvals in place for the equity injection, etc., but if it is Energy's preference to stay out operationally, I don't know if I'd see a problem with that.

Open to other views.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, July 11, 2017 2:49 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the

Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM

To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Ken Kandeepan
To: John Kim
Cc: Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Tuesday, July 11, 2017 3:32:57 PM

Thanks pls cc me and Mike on these issues in the future since both Scott and Kaitlin do include both of us in their communications. I see that in the email chain below the first few emails are addressed to all three of us and it would be appropriate if you kept us informed as you consulted with others including Legal.

Ken K

From: John Kim
Sent: Tuesday, July 11, 2017 3:30 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Fyi, this is the string where we told Kaitlin that the OFA is not agreeable to being a party to.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, July 11, 2017 2:49 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the

Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM

To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Kenneth Russell; Mike Manning
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 18, 2017 2:54:49 PM

Ok, hopefully soon on the SLA draft.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, July 18, 2017 2:53 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks john – yep I'll proceed on the basis we discussed last week. I've asked ENE legal to take a first crack at edits to the MSA (with just ENE and OPG as parties) and let them know that you guys are drafting up an SLA for ENE/OFA. Let me know when you think a draft might be ready.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 18, 2017 2:51 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF); Russell, Kenneth (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

On the OFA side, we are of the view that the MSA should be between OPG and Energy.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)

Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Ken Kandeepan
To:	John Kim
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 11, 2017 3:24:07 PM

Thanks John

Ken K

From: John Kim
Sent: Tuesday, July 11, 2017 3:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Fyi.

From: Sarah Neville
Sent: Tuesday, July 11, 2017 2:27 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Hello –

My strong preference and recommendation is that the OFA not be a party to the Subscription Agreement and that its role as cash flow facilitator/service provider along with a clear delineation of the authorities under which the OFA is acting be established in a separate MOU with Energy (e.g. the term sheet contemplates that a completed/signed subscription form will be provided to OPG from the OFA, is the OFA receiving the subscription form from Energy or is it anticipated that OFA will be executing the form on behalf of Energy? If so, what is the source of the authority for Energy to sign and how is it anticipated that MOE's authority will be delegated to the OFA? The term sheet provides that OFA will receive a share certificate confirming issuance of shares/update of share register sent to OFA and Energy. Why is the OFA receiving this? Is it anticipated that the OFA will have some on-going responsibility/role in respect of the shares/due diligence in ensuring that the shares are issued in exchange for the funds or maintaining records in respect of these transactions beyond flowing the "equity injection" and receiving a receipt?).

I think the arrangement and documentation needs to be clear that OFA is not providing services to OPG as a function of this arrangement (and OPG is not a public body, so OFA cannot provide services to OPG).

If there is a desire for OPG to be aware of the obligations and procedures established in arrangement between the OFA and Energy, the MOU can be attached as a schedule to the Subscription Agreement and the Ministry of Energy can undertake in the Subscription Agreement

not to change or amend the MOU without prior written notice to OPG.

Happy to discuss further if there is more context/detail as to what the OFA's role is that I am not aware of beyond the term sheet.

Thanks very much,

Sarah

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)

Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 11, 2017 2:55:29 PM

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a “service” type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal’s input so I will send this to Sarah Neville for her review too if that’s ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)

Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Risa Thau
To:	Ken Kandeepan; Opal Kandelas; John Psinas; George Sakura; John Kim; Alfonso Soriano
Cc:	Mike Manning; Carlos Yep
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 11, 2017 2:50:02 PM

Hi Ken,

I read over the agreement and have one change. In Exhibit D "Payment/Wire Transfer Instructions" the legal name and address of the beneficiary (I assume OPG) has to be included.

Thanks,

Risa Thau

From: Ken Kandeepan
Sent: Sunday, July 09, 2017 11:39 AM
To: Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

I went through this quickly and I don't have any comments; I believe that the actual transfer of funds to OPG for the equity injection will be governed by a SLA between OFA and the Ministry of Energy and we of course need to review that carefully. However, I would like you take a quick look and let me know if you have any comments.

Thanks

Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, July 06, 2017 9:12 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

As mentioned yesterday – this is a draft of the Master Subscription Agreement.

Please let me know if you have any suggested edits.

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 28, 2017 9:55 AM
To: Kandeepan, Ken (OFA)

Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be

some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Sarah Neville
To:	John Kim
Cc:	Bruno Amara; Kenneth Russell; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 11, 2017 2:28:52 PM

Hi John – looks like my e-mail just now is a day late and a dollar short, but glad that my advice aligns with the wise next steps identified in your e-mail!

Sarah

From: John Kim
Sent: Tuesday, July 11, 2017 2:16 PM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times

through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis.

Why has the OFA been made a direct party to the agreement as it seems that the OFA has a “service” type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal’s input so I will send this to Sarah Neville for her review too if that’s ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with

the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Montgomery, Kaitlin (MOF)
To: John Kim; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc: Bruno Amara; Kenneth Russell; Sarah Neville
Subject: RE: OFHP - Business Issue next steps
Date: Friday, July 07, 2017 3:34:20 PM
Attachments: Term Sheet_Master Subscription_draft June 13.docx

---

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   a.
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   [describe annual process]- Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

Formatted: Indent: Left: 2", No bullets or numbering

Commented [KC1]: Technically appropriation authority doesn't come into effect until the Budget passes. In the event of a post-March 31 Budget, we would need to seek a temporary allocation from OPCD until the budget is approved. Is this handled differently on the loan side at OFA?

From:	John Kim
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville; "Montgomery, Kaitlin (MOF)"
Subject:	RE: OFHP - Business Issue next steps
Date:	Friday, July 07, 2017 3:11:48 PM

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are

other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have

insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Subject:	RE: OFHP - Business Issue next steps
Date:	Friday, July 07, 2017 1:27:51 PM

I'm not sure who drafted, but I received it from Clara Greco at OPG.

ENE legal is also reviewing, I'm hoping to consolidate comments/questions/edits and get back to OPG.

Happy to join the discussion with Malle.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 10:09 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

The draft agreement….who drafted the agreement? Was it OPG Legal?

I've been back and forth with Malle but will copy you in the next round so some of the questions could be answered directly.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 05, 2017 11:13 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

This what you're looking for?

I sent to Ken/Mike/you last week but also sent it to Bruno afterwards as I noticed you were out of the office.

ENE legal is reviewing as well but they've been tied up on the fee discussion so I haven't got comments back.

Happy to take any edits you have on it.

Is MOF legal able to develop the service level agreement between ene/ofa? More of an internal matter so probably less priority but would be good to get that moving through the system.

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 28, 2017 9:55 AM
To: Kandeepan, Ken (OFA)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: "Montgomery, Kaitlin (MOF)"
Subject: RE: OFHP - Business Issue next steps
Date: Friday, July 07, 2017 10:09:27 AM

Hi Kaitlin,

The draft agreement….who drafted the agreement? Was it OPG Legal?

I've been back and forth with Malle but will copy you in the next round so some of the questions could be answered directly.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 05, 2017 11:13 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

This what you're looking for?

I sent to Ken/Mike/you last week but also sent it to Bruno afterwards as I noticed you were out of the office.

ENE legal is reviewing as well but they've been tied up on the fee discussion so I haven't got comments back.

Happy to take any edits you have on it.

Is MOF legal able to develop the service level agreement between ene/ofa? More of an internal matter so probably less priority but would be good to get that moving through the system.

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 28, 2017 9:55 AM
To: Kandeepan, Ken (OFA)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal

as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Hanslep, Malle (MOF)
To:	John Kim; Tobias P. Whitfield (MOF)
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville
Subject:	RE: OFHP - Business Issue next steps
Date:	Thursday, July 06, 2017 10:05:24 AM

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: "Montgomery, Kaitlin (MOF)"
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, July 05, 2017 11:15:06 AM

Ok, thanks! MOF Legal is looking at drafting something.....is OFA paying out of CRF for Energy so might be some questions but will see.

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 05, 2017 11:14 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Oh...hmm. not that I've seen but let me ask around!

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 5, 2017 11:13 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

I think it's the other one between IESO and the Trust.

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 05, 2017 11:11 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Yep I sent it over last week - will resend in a min

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 5, 2017 11:07 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Is the Master Sale and Servicing Agreement available?

John

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 10:22 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

Nope that would be great

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: John Kim
Sent: Wednesday, June 28, 2017 9:48 PM

To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Would you mind if I share this with Toby at Legal? I wanted to engage him on the potential SLA. This would help provide context.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: June-28-17 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 18, 2017 2:52:06 PM

Happy to chat about this tomorrow.

John

From: John Kim
Sent: Tuesday, July 18, 2017 2:51 PM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

On the OFA side, we are of the view that the MSA should be between OPG and Energy.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM

To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Montgomery, Kaitlin (MOF)
To: John Kim
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, July 05, 2017 11:14:15 AM

Oh...hmm. not that I've seen but let me ask around!

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 5, 2017 11:13 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

I think it's the other one between IESO and the Trust.

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 05, 2017 11:11 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Yep I sent it over last week - will resend in a min

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 5, 2017 11:07 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Is the Master Sale and Servicing Agreement available?

John

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 10:22 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

Nope that would be great

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: John Kim
Sent: Wednesday, June 28, 2017 9:48 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Would you mind if I share this with Toby at Legal? I wanted to engage him on the potential SLA. This would help provide context.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: June-28-17 9:55 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: "Montgomery, Kaitlin (MOF)"
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, July 05, 2017 11:13:10 AM

I think it's the other one between IESO and the Trust.

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 05, 2017 11:11 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Yep I sent it over last week - will resend in a min

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 5, 2017 11:07 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Is the Master Sale and Servicing Agreement available?

John

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 10:22 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

Nope that would be great

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: John Kim
Sent: Wednesday, June 28, 2017 9:48 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Would you mind if I share this with Toby at Legal? I wanted to engage him on the potential SLA. This would help provide context.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: June-28-17 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level

agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Montgomery, Kaitlin (MOF)
To: John Kim
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, July 05, 2017 11:12:32 AM

Yep I sent it over last week - will resend in a min

-----Original Message-----
From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 5, 2017 11:07 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Is the Master Sale and Servicing Agreement available?

John

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 10:22 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

Nope that would be great

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: John Kim
Sent: Wednesday, June 28, 2017 9:48 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Would you mind if I share this with Toby at Legal? I wanted to engage him on the potential SLA. This would help provide context.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: June-28-17 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM

To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and

then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc:	Bruno Amara
Subject:	RE: OFHP - Business Issue next steps
Date:	Wednesday, July 05, 2017 11:08:41 AM

Hi Malle,

Sue, I'm OK with you discussing with OFA Legal.

I will circle back with Kaitlin on the master agreement.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Wednesday, July 05, 2017 9:57 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)

Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: "Montgomery, Kaitlin (MOF)"
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, July 05, 2017 11:07:18 AM

Hi Kaitlin,

Is the Master Sale and Servicing Agreement available?

John

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 10:22 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

Nope that would be great

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: John Kim
Sent: Wednesday, June 28, 2017 9:48 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Would you mind if I share this with Toby at Legal? I wanted to engage him on the potential SLA. This would help provide context.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: June-28-17 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service

provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,

Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Hanslep, Malle (MOF)
To: John Kim; Tobias P. Whitfield (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, July 05, 2017 9:57:11 AM

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial

Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Cc:	Bruno Amara
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 04, 2017 5:10:52 PM

Great, thanks.

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Tuesday, July 04, 2017 4:59 PM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

I will review this. Toby is away until Friday.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have

insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Hanslep, Malle (MOF)
To: John Kim; Tobias P. Whitfield (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps
Date: Tuesday, July 04, 2017 4:58:40 PM

Hi John,

I will review this. Toby is away until Friday.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1

year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Subject:	RE: OFHP - Business Issue next steps
Date:	Wednesday, June 28, 2017 9:48:37 PM

Would you mind if I share this with Toby at Legal? I wanted to engage him on the potential SLA. This would help provide context.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: June-28-17 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike

Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	Ken Kandeepan
Cc:	John Kim; Mike Manning
Subject:	RE: OFHP - Business Issue next steps
Date:	Wednesday, June 28, 2017 9:56:09 AM
Attachments:	Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have

insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

DRAFT: JUNE 22, 2017

MASTER SHARE SUBSCRIPTION AGREEMENT

among

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

- and -

ONTARIO FINANCING AUTHORITY

Dated as of ■, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions
Exhibit E	--	Share Redemption Process

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ■, 2017.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Minister**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

- and -

ONTARIO FINANCING AUTHORITY, a [ ]

(the "**OFA**")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Fair Hydro Trust") **[NTD: use "Financing Entity"??].**

3. The Fair Hydro Trust will acquire the Assets monthly from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG [will amend] [has amended] its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Minister will subscribe for Class A Shares monthly in accordance with the process set forth in this Agreement and OPG will in turn invest these amounts in subordinated debt of the Fair Hydro Trust.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Fair Hydro Trust subordinated debt or other purposes as may be approved by the OPG board of directors.

7. The Minister and the OFA have entered into a service level agreement (the "SLA") which provides the OFA with authority to provide cash management services to facilitate the share purchases on an ongoing basis on behalf of the Minister.

8. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Minister commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the equity received from the Minister solely to lend as subordinated debt to the Fair Hydro Trust to fund the Fair Hydro Trust's obligations under the [Master Sale and Servicing Agreement][**NTD: confirm name]** between the IESO and the Fair Hydro Trust, and the Act and Regulations.

2. Monthly Share Subscription Process

2.1 The Minister, through the OFA, will subscribe for and purchase Class A Shares from OPG monthly, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Each month, coincident with the asset acquisition to be made by the Fair Hydro Trust from the IESO under the [Master Sale and Servicing Agreement], OPG will provide notice to the Minister and the OFA of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Minister. This notice will be in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees:

(i) that the value of the monthly equity injection/share subscription amount will reflect the monthly funding requirements of the Fair Hydro Trust acquisitions under the [Master Sale and Servicing Agreement],; and

(ii) Class A Shares will be issued to the Minister at a value per share equal to their book value as determined from OPG's last approved quarterly financial statements. **[NTD: do we need any more specificity here?]**

2.4 Within [five] Business Days of receipt of the notice and supporting information described in paragraph 2.2, the OFA will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Minister and the OFA, in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Minister.

2.6 The first equity injection/share subscription will occur [August x 2017] (the "Initial Equity Injection"). Equity injections will continue monthly so long as the Fair Hydro Trust is purchasing assets and incurring debt obligations, including subordinated debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Shareholder in accordance with the Memorandum of Agreement between the Minister and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation. **[NTD: any more specificity required?]**

3.3 The OFA and the Minister confirm that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Shareholder as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Minister will update the appropriations for the upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.**[NTD: clarify that purpose of this clause is to confirm Energy will seek out and obtain required appropriations]**

4. Share Redemption Process

5.1 The Minister and OPG agree to set out the required process for any future redemption by OPG of outstanding Class A Shares in an appendix to this Agreement and attach it as Exhibit E. Exhibit E will be finalized before the first share redemption [and in any case no later than [90] Business Days before the effective date of such redemption].**[NTD: confirm if need timeframe]**

6. Miscellaneous

6.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

■

in the case of the OFA:

■

in the case of OPG:

Ontario Power Generation Inc.
700 University Avenue

Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

and

Attention: ■
Email: ■

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

6.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO FINANCING AUTHORITY

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

[NTD: TBD what will support monthly equity injection calculation; for example Transfer Notice? Invoice?]

Exhibit C

FORM OF RECEIPT/OFFICER'S CERTIFICATE

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

EXHIBIT E

SHARE REDEMPTION PROCESS

TBD

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Cc:	Bruno Amara; Kenneth Russell; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF); Kenneth Russell; Mike Manning
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, July 18, 2017 2:50:43 PM

Hi Kaitlin,

On the OFA side, we are of the view that the MSA should be between OPG and Energy.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have

the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM

To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few

years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike

Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Ken Kandeepan
To: "Montgomery, Kaitlin (MOF)"
Cc: John Kim; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Saturday, June 24, 2017 11:45:13 AM

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From: John Kim
To: Salman Qadir
Subject: RE: OFHP - Business Issue next steps
Date: Thursday, June 22, 2017 10:35:30 AM

I'm free now.

From: Salman Qadir
Sent: Thursday, June 22, 2017 10:19 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Let me know when you're free and we can call Toby.

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 5:39 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

Energy will hold. We can call tomorrow together

Sent from my iPhone

On Jun 21, 2017, at 5:01 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> Hi John,
>
> Do you want me to ask Toby who will hold the new shares? Who holds OPG's current shares? Is there someone in MOF who can tell us this? Also, why would we do anything different? I think John Psinas spoke about this in some of our discussions but I could be wrong?
>
> Regards,
> Salman
>
> ---

From: John Kim
Sent: Wednesday, June 21, 2017 4:54 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

Happy to have you give Toby a call

Sent from my iPhone

On Jun 21, 2017, at 4:24 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> I would say its MOF legal, since it's the Minister of Finance vs Minister of Energy holding the shares etc… OFA is just a service provider no?
>
> Also, would Minister of Energy also be getting an appropriation for the IOD? I also don't recall if we settled on how interest payments would flow through to rate payers etc.. higher ups may have, but maybe to flag as I don't know how that would impact this if at all.

From: John Kim
Sent: Wednesday, June 21, 2017 4:20 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

> You know what my main concern is?
>
> I don't know if the process of equity injecting would be blessed by respective Legal branches. I know the TB approval was made for $1.1bn. But the shares are to be owned by or held by Energy as a shareholder. How would they delegate that authority to MOF or to OFA. Could we seek Legal views on that? Who would that be? MOF Legal or OFA Legal?

From: Salman Qadir
Sent: Wednesday, June 21, 2017 4:09 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: RE: OFHP - Business Issue next steps

Hi John - I have no substantive comments.

Although I would suggest it be clear internally (at the OFA) who will do what (or if its all CMD?). I also assume we will not be expecting a rate of return on our equity to offset our borrowing interest costs? Not sure if that was dealt with in some discussions..

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 3:34 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Any concerns?

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From: Salman Qadir
To: John Kim
Cc: Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject: RE: OFHP - Business Issue next steps
Date: Thursday, June 22, 2017 10:18:46 AM

Hi John,

Let me know when you're free and we can call Toby.

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 5:39 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

Energy will hold. We can call tomorrow together

Sent from my iPhone

On Jun 21, 2017, at 5:01 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> Hi John,
>
> Do you want me to ask Toby who will hold the new shares? Who holds OPG's current shares? Is there someone in MOF who can tell us this? Also, why would we do anything different? I think John Psinas spoke about this in some of our discussions but I could be wrong?
>
> Regards,
> Salman
>
> ---
>
> **From:** John Kim
> **Sent:** Wednesday, June 21, 2017 4:54 PM
> **To:** Salman Qadir <Salman.Qadir@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** Re: OFHP - Business Issue next steps
>
> Happy to have you give Toby a call

Sent from my iPhone

On Jun 21, 2017, at 4:24 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> I would say its MOF legal, since it's the Minister of Finance vs Minister of Energy holding the shares etc… OFA is just a service provider no?
>
> Also, would Minister of Energy also be getting an appropriation for the IOD? I also don't recall if we settled on how interest payments would flow through to rate payers etc.. higher ups may have, but maybe to flag as I don't know how that would impact this if at all.

From: John Kim
Sent: Wednesday, June 21, 2017 4:20 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

> You know what my main concern is?
>
> I don't know if the process of equity injecting would be blessed by respective Legal branches. I know the TB approval was made for $1.1bn. But the shares are to be owned by or held by Energy as a shareholder. How would they delegate that authority to MOF or to OFA. Could we seek Legal views on that? Who would that be? MOF Legal or OFA Legal?

From: Salman Qadir
Sent: Wednesday, June 21, 2017 4:09 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

> Hi John - I have no substantive comments.
>
> Although I would suggest it be clear internally (at the OFA) who will do what (or if its all CMD?). I also assume we will not be expecting a rate of return on our equity to offset our borrowing interest costs? Not sure if that was dealt with in some discussions..

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 3:34 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Any concerns?

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From:	Salman Qadir
To:	John Kim
Cc:	Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject:	RE: OFHP - Business Issue next steps
Date:	Wednesday, June 21, 2017 5:01:40 PM

Hi John,

Do you want me to ask Toby who will hold the new shares? Who holds OPG's current shares? Is there someone in MOF who can tell us this? Also, why would we do anything different? I think John Psinas spoke about this in some of our discussions but I could be wrong?

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 4:54 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

Happy to have you give Toby a call

Sent from my iPhone

On Jun 21, 2017, at 4:24 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> I would say its MOF legal, since it's the Minister of Finance vs Minister of Energy holding the shares etc… OFA is just a service provider no?
>
> Also, would Minister of Energy also be getting an appropriation for the IOD? I also don't recall if we settled on how interest payments would flow through to rate payers etc.. higher ups may have, but maybe to flag as I don't know how that would impact this if at all.
>
> ---
>
> **From:** John Kim
> **Sent:** Wednesday, June 21, 2017 4:20 PM
> **To:** Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** RE: OFHP - Business Issue next steps

You know what my main concern is?

I don't know if the process of equity injecting would be blessed by respective Legal branches. I know the TB approval was made for $1.1bn. But the shares are to be owned by or held by Energy as a shareholder. How would they delegate that authority to MOF or to OFA. Could we seek Legal views on that? Who would that be? MOF Legal or OFA Legal?

From: Salman Qadir
Sent: Wednesday, June 21, 2017 4:09 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John - I have no substantive comments.

Although I would suggest it be clear internally (at the OFA) who will do what (or if its all CMD?). I also assume we will not be expecting a rate of return on our equity to offset our borrowing interest costs? Not sure if that was dealt with in some discussions..

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 3:34 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Any concerns?

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along

this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Cc:	Ken Kandeepan; Mike Manning
Subject:	RE: OFHP - Business Issue next steps
Date:	Wednesday, June 21, 2017 4:38:39 PM

For sure – I was planning to reach out to ENE legal on this tomorrow – anyone at MOF legal you'd suggest I work with?

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: June 21, 2017 4:17 PM
To: Montgomery, Kaitlin (MOF)
Cc: Kandeepan, Ken (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

I think the example raised was the example we have with MNDM on NIER. We can quickly work on something like it….the bigger question though is whether SLA between OFA and Energy is sufficient for respective Legal branches.

Thanks,

John

P.S. FYI, I'm off for a few days after tomorrow until Thursday next week.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Salman Qadir
To:	John Kim; Bruno Amara
Cc:	Shajee Kathirgamanathan; Gavin He
Subject:	RE: OFHP - Business Issue next steps
Date:	Wednesday, June 21, 2017 4:24:24 PM

I would say its MOF legal, since it's the Minister of Finance vs Minister of Energy holding the shares etc… OFA is just a service provider no?

Also, would Minister of Energy also be getting an appropriation for the IOD? I also don't recall if we settled on how interest payments would flow through to rate payers etc.. higher ups may have, but maybe to flag as I don't know how that would impact this if at all.

From: John Kim
Sent: Wednesday, June 21, 2017 4:20 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

You know what my main concern is?

I don't know if the process of equity injecting would be blessed by respective Legal branches. I know the TB approval was made for $1.1bn. But the shares are to be owned by or held by Energy as a shareholder. How would they delegate that authority to MOF or to OFA. Could we seek Legal views on that? Who would that be? MOF Legal or OFA Legal?

From: Salman Qadir
Sent: Wednesday, June 21, 2017 4:09 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John - I have no substantive comments.

Although I would suggest it be clear internally (at the OFA) who will do what (or if its all CMD?). I also assume we will not be expecting a rate of return on our equity to offset our borrowing interest costs? Not sure if that was dealt with in some discussions..

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 3:34 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Any concerns?

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From:	John Kim
To:	Salman Qadir; Bruno Amara
Cc:	Shajee Kathirgamanathan; Gavin He
Subject:	RE: OFHP - Business Issue next steps
Date:	Wednesday, June 21, 2017 4:19:53 PM

You know what my main concern is?

I don't know if the process of equity injecting would be blessed by respective Legal branches. I know the TB approval was made for $1.1bn. But the shares are to be owned by or held by Energy as a shareholder. How would they delegate that authority to MOF or to OFA. Could we seek Legal views on that? Who would that be? MOF Legal or OFA Legal?

From: Salman Qadir
Sent: Wednesday, June 21, 2017 4:09 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John - I have no substantive comments.

Although I would suggest it be clear internally (at the OFA) who will do what (or if its all CMD?). I also assume we will not be expecting a rate of return on our equity to offset our borrowing interest costs? Not sure if that was dealt with in some discussions..

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 3:34 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Any concerns?

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From: John Kim
To: "Montgomery, Kaitlin (MOF)"
Cc: Ken Kandeepan; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, June 21, 2017 4:16:48 PM

Hi Kaitlin,

I think the example raised was the example we have with MNDM on NIER. We can quickly work on something like it….the bigger question though is whether SLA between OFA and Energy is sufficient for respective Legal branches.

Thanks,

John

P.S. FYI, I'm off for a few days after tomorrow until Thursday next week.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From: Salman Qadir
To: John Kim; Bruno Amara
Cc: Shajee Kathirgamanathan; Gavin He
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, June 21, 2017 4:09:15 PM

Hi John - I have no substantive comments.

Although I would suggest it be clear internally (at the OFA) who will do what (or if its all CMD?). I also assume we will not be expecting a rate of return on our equity to offset our borrowing interest costs? Not sure if that was dealt with in some discussions..

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 3:34 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Any concerns?

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)

Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
To: John Kim; Ken Kandeepan; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Wednesday, June 21, 2017 2:27:26 PM
Attachments: Term Sheet_Master Subscription_draft June 13.docx

---

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy
- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)
- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)
- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder
- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts
- Ministry of Energy and Ontario Financing Authority will have a service level agreement in place which provides authority for OFA to provide cash management services to facilitate these share purchases on an ongoing basis on behalf of the Ministry of Energy
- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan
- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option
- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity
- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027
- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Formatted: Indent: Left: 0.5", No bullets or numbering

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

Timing: [same day as notice from Fair Hydro Trust]

Documents/steps:

(i) share subscription form,

(ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts
Timing: [five] business days from notice to OFA to payment/settlement with OPG
[NOTE: timing to be confirmed based on IESO/Trust process requirements]
Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register sent to OFA and Ministry of Energy

Longer term Process/Approvals:

1. Equity Requirements Estimates:
   a. Business Plan Submissions: OPG to include forecasts of equity requirements for the business planning period as well as supporting documentation
   a.
   b. OPG Board Approvals
      - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
      - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

   c. Ministry of Energy appropriations
   [describe annual process]- Ministry of Energy to update appropriations for upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement

Formatted: Indent: Left: 2", No bullets or numbering

Commented [KC1]: Technically appropriation authority doesn't come into effect until the Budget passes. In the event of a post-March 31 Budget, we would need to seek a temporary allocation from OPCD until the budget is approved. Is this handled differently on the loan side at OFA?

From: John Kim
To: Ronald Kwan
Subject: RE: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 1:23:26 PM

Hi Ron,

The challenge is Energy Legal appears to be pushing for OFA's role under the MSA and is not yet clear what the rationale is. I agree with your comments.

John

-----Original Message-----
From: Ronald Kwan
Sent: Monday, July 17, 2017 1:22 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks John.

I'm not sure of the legal distinction, but I thought of the OFA as acting under an SLA, not having delegated authority.

I was not seeing the OFA taking on legal liability to OPG on this. I would think there would need to be quite a bit more of a drafting issue and approvals issue if there's a push by Energy and OPG to have the OFA take on legal liability.

Ron

-----Original Message-----
From: John Kim
Sent: July-17-17 12:08
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Fyi, I will organize an internal MOF/OFA discussion.

John

-----Original Message-----
From: John Kim
Sent: Monday, July 17, 2017 12:06 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Sure, I will set it up and I have a few questions around the delegated operational role.

John

-----Original Message-----
From: Kenneth Russell
Sent: Monday, July 17, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>

Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Re: OFHP - Business Issue next steps

John

It seems to me that if the OFA was to take on delegated operational responsibility it would in effect have responsibility under the MSA and an argument would exist that it should be a party.

My view is that we should have an internal discussion about the role of the OFA before speaking to MoE.

Ken

Sent from my iPhone

> On Jul 17, 2017, at 11:54 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> I would be happy if a reach out to Energy Legal is made.
>
> Even if a delegated operational role is taken on, I wasn't sure why the OFA would need to be a party to the MSA but would help to hear Energy Legal's perspective.
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: Monday, July 17, 2017 11:52 AM
> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: Re: OFHP - Business Issue next steps
>
> I agree that a discussion would be useful.
>
> It seems to me that the first thing to clarify is the role of the OFA. Is the OFA to simply provide financial services or is it prepared to take on a delegated operational role? My view is that for the OFA to take on an operational role some significant issues would have to be addressed.
>
> Ken
>
>
>
> Sent from my iPhone
>
>> On Jul 17, 2017, at 11:25 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>>
>> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>>
>>
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca

>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>>
>> _____
>> From: John Kim [John.Kim@ofina.on.ca]
>> Sent: Monday, July 17, 2017 11:23 AM
>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks for the follow up. I got sidetracked on a few things.
>>
>> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>>
>> John
>>
>> -----Original Message-----
>> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
>> Sent: Monday, July 17, 2017 11:18 AM
>> To: John Kim <John.Kim@ofina.on.ca>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>>
>> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>>
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>> _____
>> From: Montgomery, Kaitlin (MOF)
>> Sent: Friday, July 14, 2017 10:42 AM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P.

(MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi - There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document- ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>>
>> Happy to discuss,
>> Kaitlin
>> 6.6343
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: July 11, 2017 2:49 PM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>>
>>
>> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
>>
>> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>>
>> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>>
>> Thanks,
>> Kaitlin
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 11, 2017 2:16 PM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Kaitlin,
>>
>> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>>
>> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>>
>> Happy to discuss.
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Friday, July 07, 2017 3:34 PM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell

<Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville
<Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>>
>> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
>>
>> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>>
>> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>>
>> Happy to discuss,
>> Kaitlin
>> 416.326.6343
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 7, 2017 3:12 PM
>> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Malle,
>>
>> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>>
>> Looping Kaitlin in as she has been in contact with OPG on this one.
>>
>> Thanks,
>>
>> John
>>
>> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>> Sent: Thursday, July 06, 2017 10:04 AM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF)
<Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell
<Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville
<Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>
>> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>>

>> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>>
>> Thank you.
>>
>> Malle
>>
>> From: Hanslep, Malle (MOF)
>> Sent: July 5, 2017 9:57 AM
>> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>
>> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>>
>> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
>>
>> The commitments in section 1 seem very broad and open-ended - The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>>
>> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
>>
>> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>>
>> Thanks.
>>
>> Malle
>>
>>
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 4, 2017 1:48 PM
>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Hanslep, Malle (MOF)
>> Subject: FW: OFHP - Business Issue next steps
>>
>> Hi Toby,
>>
>> Just wanted to get something going with an introductory email and to provide you with some context.
>>
>> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>>
>> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

>>
>> Happy to discuss.
>>
>> Thanks,
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 28, 2017 9:55 AM
>> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
>> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>>
>> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>>
>> Kaitlin
>>
>> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
>> Sent: June 24, 2017 11:45 AM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Kim, John (OFA); Manning, Mike (OFA)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Kaitlin
>>
>> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
>>
>> Thanks
>>
>> Ken k
>> From
>> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 21, 2017 2:27 PM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
>>
>> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?

>>
>> Thanks,
>> Kaitlin
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: June 5, 2017 3:55 PM
>> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
>> Subject: OFHP - Business Issue next steps
>>
>> Hi everyone,
>>
>> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>>
>>
>> 1. Equity Injection Mechanics (draft term sheet attached)
>>
>> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>>
>> 2. Performance Fee Recommendation (OPG recommended approach attached)
>>
>> a. If comfortable, OPG would assist ENE in developing regulation language
>>
>> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>>
>> Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?
>>
>> Thanks in advance,
>> Kaitlin
>>
>>
>>
>> _____
>>
>> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Ken Kandeepan; Mike Manning
Subject: RE: OFHP - Business Issue next steps
Date: Thursday, June 08, 2017 11:58:57 AM

Hi Ken, Mike,

On these items, maybe #2 more so than #1, my understanding is that draft regulation is being drafted on the basis of our discussion on Monday.

Any concerns/comments? I will speak to Ron about it this afternoon.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, June 06, 2017 6:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: Scott Nelms (ENERGY) <Scott.Nelms@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Further to this, attached is an updated business issues note to reflect our conversation on Monday. There will be a few more updates after the guarantee meeting tomorrow but if you could review and provide any edits tomorrow that would be great.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From:	Montgomery, Kaitlin (MOF)
To:	John Kim; Ken Kandeepan; Mike Manning
Cc:	Scott Nelms (ENERGY)
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, June 06, 2017 6:56:32 PM
Attachments:	2017 06 06 Outstanding Business Issues Ontario Fair Hydro Plan - v04.docx

Further to this, attached is an updated business issues note to reflect our conversation on Monday. There will be a few more updates after the guarantee meeting tomorrow but if you could review and provide any edits tomorrow that would be great.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

Outstanding Business Issues – Ontario Fair Hydro Plan

Briefing Note

PURPOSE

Provide an overview of a few of the key remaining outstanding business issues that OPG and the Province are working through

BUSINESS ISSUES

1. **Provincial Support Agreement Term Sheet (Performance and Payment Guarantees)**
   - As part of the OFHP, the IESO will create and sell a regulatory asset to the OPG financing entity
   - In order to provide assurances to those with claims against the Financing Entity (eg. Holders of debt), and support credit ratings, the Province is providing both a Service Guarantee and a Performance Guarantee to ensure that the obligations of the IESO are carried out including obligations related to collecting and remitting clean energy adjustments.
   - **Next Steps:**
     - OPG and OFA have discussed a draft term sheet and the OFA, MOF and Blakes will work together to provide comments
     - Timing: Guarantees are required to support rating agency review which is expected by the end of July.

2. **Payments in Lieu of Taxes (PILs) Exemption**
   - Provincial staff, with OPG's concurrence, recommends minimizing, to the extent possible, the PILs payable by the OPG financing vehicle, as those costs will be recovered from ratepayers.
   - The Province is considering regulation changes to exempt from PILs the income arising to the OPG financing vehicle / OPG as a consequence of the Fair Hydro Plan.
   - As part of the OFHP, the financing entity will raise debt and acquire "investment assets" from the IESO. Given the unique nature of the investment assets, there are no specific rules which govern the manner which investment assets should be treated for tax purposes, and further analysis is required to ensure the cost of the investment assets are appropriately recognized as a deduction or offset in computing the income of the financing entity.
   - **Next Steps:**
     - The MOF, OFA and OPG are working together to determine required regulation changes.
     - Torys prepared a memo on the item
     - Timing: MOF will be setting up a call with tax policy, OPG and Torys to discuss a memo Torys prepared on the item in the next few days

3. **Fair Hydro Plan - Master Subscription Agreement Term Sheet (Equity Injection Process)**
    - OPG will require equity injections on a monthly basis, to match the timing of the purchase of the IESO regulatory asset, as applicable, in order to maintain its capital structure, and will require flexibility in order to issue shares as needed by the Province.
    - The Ministry of Energy received appropriation for a fiscally-neutral operating asset expenditure of $1.1B through PRRT to support equity injections for the 2017-18 period, and will continue to provide multi-year forecasts each year through PRRT.
    - **Next Steps:**
        - ~~The Ministry of Energy, OFA and OPG are working through the short term mechanics of this process, which will ultimately feed into a Master Subscription Agreement. A draft term sheet is underway.~~Approval of the draft term sheet (see note).
        - Once term sheet is approved, this will serve as the basis for the Master Subscription Agreement between OPG/ENE and OFA
        - OFA and ENE to develop Service Level Agreement for monthly cash management services
        - Amendment to OPG articles required to facilitate issuance of new class of shares
        - Timing: OPG will require the ability to issue equity in ~~July~~August, so mechanics and agreements should be finalized in ~~June~~July.

4. **Management Fees**
    - OPG will be providing all required services to the Trust as part of the OFHP, including planning, strategy, financing, deal execution etc.
    - The legislation allows OPG to establish and charge a management fee for those services in accordance with the regulations, which are currently in development.
    - ~~OPG and OEB are currently working together on a management fee structure that balances the interests of minimizing costs and satisfying accounting consolidation requirements.~~
    - There are two components to the management fee model proposed by OPG:
        - Base fee: the structure will allow OPG to earn a commercial fee, an accounting consolidation requirement, with periodic OEB review of the commercial basis of that fee. OEB and OPG are in discussions in order to develop a model that satisfies the accounting requirements and is consistent with OEB's processes.
        - Performance ~~management~~ fee: OPG has the ability to gain or lose depending on the actual financing cost relative to a benchmark, which would be shared equally between ratepayers and OPG. Gain/loss is capped at 1% of annual incremental issuance amount.
    - **Next Steps:**

- Base fee: OEB to provide comments on OPG's proposed base fee framework.
- Performance Fee: ~~OPG and OEB will bring forward a recommended framework for developing management fees.~~Approval of the draft framework (see note).
- Timing: ~~TBD~~For incorporation into the June 27th regulations

5. **Subordinated Debt Loan Agreement**
   - OPG will lend the equity injection from the Province to the Fair Hydro Trust by way of subordinated debt
   - Based on monthly funding requirements of the GA asset, the Trust will use short term financing and take out bonds once short term funding reaches certain levels
   - OPG and OFA are working on a Debt Loan Arrangement that would establish the interest rates on the subordinated debt
   - **Next Steps:**
     - OPG and OFA will bring forward a recommended framework for determining interest rates
     - Timing: TBD

6. **IESO – Increased OFA Credit Facilities**
   - THE OPG financing entity is not expected to be immediately operational, so the IESO will need to have transitional financing in place to manage the difference in the payments to generators and other service providers vs payments from loads / LDCs.
   - There may also be on-going monthly cash flow timing differences that the IESO will need a credit facility for.
   - In addition, the OPG financing entity has the right to purchase the regulatory asset from IESO but is not required to purchase it.
   - IESO is working with the OFA to increase the credit facilities in the event that the OPG financing entity does not purchase the regulatory asset
   - **Next Steps:**
     - OFA is drafting a new agreement for a $2 billion credit facility for the OFA to lend funds to IESO for FHP purposes. Concurrently, the OFA is seeking the Minister's approval for an LRC submission to approve an OIC for an additional $2 billion in borrowing capacity, as well as a Directive from the Minister of Finance, which are both necessary for the OFA to lend funds to IESO under the requested new Credit Facility.
     - Timing: The OIC is scheduled for the June 27, 2017 LRC meeting. The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

7. **OPG Indemnity**
    - OPG (and IESO) are asking for the Province to indemnify the IESO, OPG (the entities) and their respective directors, officers and employee in order to allow them to carry out their roles in implementing the Ontario Fair Hydro Plan and primarily the Global Adjustment refinancing.
    - Indemnification will need to ensure separation between the Province and OPG is maintained
    - **Next Steps:**
        - Staff in Ministry of Finance and Treasury Board Secretariat have received initial documents and are currently reviewing.
        - Depending on the structure of the indemnity requested, an OIC may be required to provide authority to the Minister of Finance
        - Timing: If an OIC is required this would be included in the June 27th, 2017 submission

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, June 06, 2017 5:04:52 PM

Ahha no worries – unfortunately I'm out of the office tomorrow but go ahead and ill catch up to you Thursday.

Still waiting for the opg indemnity package so ill fire that over when I see it.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: June 6, 2017 5:04 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

I changed my mind….lol. Let's have a call instead if we can.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, June 06, 2017 5:03 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

No concerns - thx

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: June 6, 2017 2:33 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Would you mind if I share the first of the attachments with OPCD?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, June 05, 2017 3:55 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Subject:	RE: OFHP - Business Issue next steps
Date:	Tuesday, June 06, 2017 5:03:20 PM

No concerns - thx

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: June 6, 2017 2:33 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Would you mind if I share the first of the attachments with OPCD?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, June 05, 2017 3:55 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: "Montgomery, Kaitlin (MOF)"
Subject: RE: OFHP - Business Issue next steps
Date: Tuesday, June 06, 2017 2:33:18 PM

Would you mind if I share the first of the attachments with OPCD?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, June 05, 2017 3:55 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From: Gavin He
To: John Kim
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps
Date: Tuesday, June 06, 2017 11:57:33 AM

Hi John,

Just a reminder that these emails will be included as part of the FOI request from AG.

Regards,
Gavin He

From: John Kim
Sent: Monday, June 05, 2017 4:05 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Pls. take a look…..can't seem to open the second attachment.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, June 05, 2017 3:55 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Subject:	RE: OFHP - Business Issue next steps
Date:	Monday, June 05, 2017 4:09:54 PM

Great, thanks!

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, June 05, 2017 4:01 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

I think this is it – it's how the base fee would be determined. We're waiting on OEB to give feedback but if you have any thoughts/concerns lemme know.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: June 5, 2017 3:59 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

That reminded me….OPG mentioned something was shared with OEB. If not overly sensitive, could you share?

I will take a look at the attached and get back to you.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, June 05, 2017 3:55 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Subject:	RE: OFHP - Business Issue next steps
Date:	Monday, June 05, 2017 4:00:56 PM
Attachments:	Financing Trust - Management Fee Recommendation_DRAFT4 (2).docx

I think this is it – it's how the base fee would be determined. We're waiting on OEB to give feedback but if you have any thoughts/concerns lemme know.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: June 5, 2017 3:59 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

That reminded me….OPG mentioned something was shared with OEB. If not overly sensitive, could you share?

I will take a look at the attached and get back to you.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, June 05, 2017 3:55 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and

also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

(DRAFT) FINANCING TRUST – MANAGEMENT FEE TO OPG

BACKGROUND

OPG will be providing all required services to the Trust as part of the Ontario Fair Hydro Act. These services will include but are not limited to planning, strategy, financing, deal execution (front office services) and operational/administrative (back office services). The details will be part of the Financing & Management Agreement between the Trust and OPG.

Sections 18 and 19 of the legislation outline the above and allow OPG to establish and charge a management fee for these services, in accordance with the regulations. Over the next few weeks, the Province will develop these regulations. To further the regulation development, below is a frame work that is being contemplated for developing a management fee:

- The fee charged must satisfy accounting consolidation requirements
    - OPG must earn a fee with a commercial basis.
    - An at-risk component is required.
        - The total fee would have a base and performance/at-risk component. The at-risk component would have a smaller weighting (less than 50%). The details and methodology are still under development and in consultation with the OFA.

Below is an analysis for establishing a base management fee, and if accepted, certain elements may have to be built into the regulations.

PRELIMINARY COMPARABLES

Typical management fees for services provided to a trust are quoted as basis points (bps) of Assets Under Management (AUM). To get an idea of a commercial basis fee which could be applicable to the Trust securitization structure, the following were assessed:

- Recent Asset Backed Security (ABS) deals
- Dealers input
- Rating agency input
- OPG employee pension benchmark data

See Appendix 1 for the results of the assessment.

RATIONALE FOR DEVELOPMENT OF BASE MANAGEMENT FEE

Below is a table of preliminary findings based on Appendix 1:

Back Office Services	All-inclusive Services (Front and Back Office
3 - 10 bps	20 bps

An estimated base management fee of 10 bps is built up as follows:

1. Based on the comparables, back office services are priced at 3 - 10 bps. Long Island Power Authority (LIPA) and Duke Energy, both of which were used as the basis for formulating the legislation and structure, each earn 5 bps for performing these services. It should be noted there are differences between their program and OPG's:
    - These entities are both sponsor and servicer of their respective trusts
    - The debt issuance programs are not on-going and smaller
    - This fee amount is representative of a cost recovery

    LIPA and Duke Energy's agreements allow for a third party to provide these services on a commercial basis and under that construct the fee could go as high as 60 bps. In discussions with the dealers, the fee for back office services provided externally is 3 - 10 bps in an ABS vehicle. The low end is reflective of very basic services for a traditional ABS vehicle, which is much less than what is required by the Trust. Dealers have indicated given the size and complexity of the Trust operations (short-term / long-term debt, on-going debt issuances, etc.) the high end of the range is consistent with the level of services required.

2. The dealers had seen all-inclusive fees of 20 bps for an ABS trust structure in the market. The size of the assets secured in these trusts is around $4 billion. Dealers have indicated given the forecasted size of the Trust, a fee in the range of 10 – 15 bps would be appropriate. This is consistent with management fees seen by the OPG employee pension fund during their RFP for a pension strategist. The pension strategist essentially performs front and back office services on behalf of the pension fund trust, which has an AUM of $14 billion.

3. CRA transfer pricing rules state that charges between related parties must be at commercial terms.

The estimated 10 bps base management fee would seem to be appropriate as it is balancing the interests of minimizing costs and earning a fee at commercial terms. If this framework is accepted, further work would be undertaken to determine the final number. Such work would include broadening discussions with dealers and rating agencies, and gathering further benchmark information.

APPENDIX 1

FINANCING TRUST

Financial Services & Management Fee Comparables

	Comparables	Fee (bps)		Source	Comments
		Back Office	All Inclusive		
1.	Management services provider for ABS trust	3 - 10	20	Discussion with dealers and rating agency	Back Office - Basic services like billing, payments, reporting, and settlements. Front office component larger due to nature of work. Secured assets of around $4 billion.
2.	Bids from OPG employee pension strategist RFP participants	N/A	10 - 15	Discussion with OPG Fund Management	Some pricing was contingent on having a separate performance fee component (active management). If there is no active management, the base management fee would be adjusted higher to compensate.
3.	Long Island Power Authority (LIPA) 2016B Restructuring Bonds	5	N/A	USDA Prospectus Restructuring Bonds Series 2016B	Basic services similar to #1. The 5 bps assumes the issuer is also the servicer. The fee can go as high as 60 bps for an external service provider.
4.	Duke Energy nuclear asset-recovery bond	5	N/A	Nuclear asset -recovery bond financing order (11/19/2015)	Basic services similar to #1. The 5 bps assumes the issuer is also the servicer. The fee can go as high as 60 bps for an external service provider.

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Subject:	RE: OFHP - Business Issue next steps
Date:	Monday, June 05, 2017 3:59:27 PM

Hi Kaitlin,

That reminded me….OPG mentioned something was shared with OEB. If not overly sensitive, could you share?

I will take a look at the attached and get back to you.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, June 05, 2017 3:55 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From: John Kim
To: Tobias P. Whitfield (MOF)
Cc: Bruno Amara; Sarah Neville; Malle Hanslep (MOF); Kenneth Russell
Subject: RE: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 1:06:57 PM

Hi Toby,

I had a quick chat with Ken. If you would like to have that exploratory call with someone at Energy Legal to get a sense of what they are looking for, that could be helpful we well.

Thanks,

John

-----Original Message-----
From: Kenneth Russell
Sent: Monday, July 17, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Re: OFHP - Business Issue next steps

John

It seems to me that if the OFA was to take on delegated operational responsibility it would in effect have responsibility under the MSA and an argument would exist that it should be a party.

My view is that we should have an internal discussion about the role of the OFA before speaking to MoE.

Ken

Sent from my iPhone

> On Jul 17, 2017, at 11:54 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> I would be happy if a reach out to Energy Legal is made.
>
> Even if a delegated operational role is taken on, I wasn't sure why the OFA would need to be a party to the MSA but would help to hear Energy Legal's perspective.
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: Monday, July 17, 2017 11:52 AM
> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: Re: OFHP - Business Issue next steps
>
> I agree that a discussion would be useful.
>
> It seems to me that the first thing to clarify is the role of the OFA. Is the OFA to simply provide financial services or is it prepared to take on a delegated operational role? My view is that for the OFA to take on an operational role some significant issues would have to be addressed.
>

> Ken
>
>
>
> Sent from my iPhone
>
>> On Jul 17, 2017, at 11:25 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>>
>> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>>
>>
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca
>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>>
>> _____
>> From: John Kim [John.Kim@ofina.on.ca]
>> Sent: Monday, July 17, 2017 11:23 AM
>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks for the follow up. I got sidetracked on a few things.
>>
>> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>>
>> John
>>
>> -----Original Message-----
>> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
>> Sent: Monday, July 17, 2017 11:18 AM
>> To: John Kim <John.Kim@ofina.on.ca>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>>
>> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>>

>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>> _____
>> From: Montgomery, Kaitlin (MOF)
>> Sent: Friday, July 14, 2017 10:42 AM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi - There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document- ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>>
>> Happy to discuss,
>> Kaitlin
>> 6.6343
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: July 11, 2017 2:49 PM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>>
>>
>> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
>>
>> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>>
>> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>>
>> Thanks,
>> Kaitlin
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 11, 2017 2:16 PM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)

>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Kaitlin,
>>
>> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>>
>> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>>
>> Happy to discuss.
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Friday, July 07, 2017 3:34 PM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>>
>> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
>>
>> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>>
>> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>>
>> Happy to discuss,
>> Kaitlin
>> 416.326.6343
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 7, 2017 3:12 PM
>> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Malle,
>>
>> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>>

>> Looping Kaitlin in as she has been in contact with OPG on this one.
>>
>> Thanks,
>>
>> John
>>
>> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>> Sent: Thursday, July 06, 2017 10:04 AM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>
>> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>>
>> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>>
>> Thank you.
>>
>> Malle
>>
>> From: Hanslep, Malle (MOF)
>> Sent: July 5, 2017 9:57 AM
>> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>
>> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>>
>> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
>>
>> The commitments in section 1 seem very broad and open-ended - The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>>
>> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
>>
>> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>>
>> Thanks.
>>
>> Malle

>>
>>
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 4, 2017 1:48 PM
>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Hanslep, Malle (MOF)
>> Subject: FW: OFHP - Business Issue next steps
>>
>> Hi Toby,
>>
>> Just wanted to get something going with an introductory email and to provide you with some context.
>>
>> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>>
>> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
>>
>> Happy to discuss.
>>
>> Thanks,
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 28, 2017 9:55 AM
>> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
>> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>>
>> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>>
>> Kaitlin
>>
>> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
>> Sent: June 24, 2017 11:45 AM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Kim, John (OFA); Manning, Mike (OFA)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Kaitlin
>>
>> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

>>
>> Thanks
>>
>> Ken k
>> From
>> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 21, 2017 2:27 PM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
>>
>> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?
>>
>> Thanks,
>> Kaitlin
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: June 5, 2017 3:55 PM
>> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
>> Subject: OFHP - Business Issue next steps
>>
>> Hi everyone,
>>
>> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>>
>>
>> 1. Equity Injection Mechanics (draft term sheet attached)
>>
>> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>>
>> 2. Performance Fee Recommendation (OPG recommended approach attached)
>>
>> a. If comfortable, OPG would assist ENE in developing regulation language
>>
>> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>>
>> Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?
>>
>> Thanks in advance,
>> Kaitlin
>>

>>
>>
>> _____
>>
>> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Kenneth Russell
Subject: RE: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 12:18:13 PM

I do. Are you available for a call?

-----Original Message-----
From: Kenneth Russell
Sent: Monday, July 17, 2017 12:08 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFHP - Business Issue next steps

John

My questions are in the e-mail I sent
You last week. Do you have it available?

Ken

Sent from my iPhone

> On Jul 17, 2017, at 12:06 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> Sure, I will set it up and I have a few questions around the delegated operational role.
>
> John
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: Monday, July 17, 2017 12:00 PM
> To: John Kim <John.Kim@ofina.on.ca>
> Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: Re: OFHP - Business Issue next steps
>
> John
>
> It seems to me that if the OFA was to take on delegated operational responsibility it would in effect have responsibility under the MSA and an argument would exist that it should be a party.
>
> My view is that we should have an internal discussion about the role of the OFA before speaking to MoE.
>
> Ken
>
> Sent from my iPhone
>
>> On Jul 17, 2017, at 11:54 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>>
>> I would be happy if a reach out to Energy Legal is made.
>>
>> Even if a delegated operational role is taken on, I wasn't sure why the OFA would need to be a party to the MSA but would help to hear Energy Legal's perspective.
>>
>> -----Original Message-----

>> From: Kenneth Russell
>> Sent: Monday, July 17, 2017 11:52 AM
>> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
>> Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
>> Subject: Re: OFHP - Business Issue next steps
>>
>> I agree that a discussion would be useful.
>>
>> It seems to me that the first thing to clarify is the role of the OFA. Is the OFA to simply provide financial services or is it prepared to take on a delegated operational role? My view is that for the OFA to take on an operational role some significant issues would have to be addressed.
>>
>> Ken
>>
>>
>>
>> Sent from my iPhone
>>
>>> On Jul 17, 2017, at 11:25 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>>>
>>> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>>>
>>>
>>> Toby
>>>
>>> Tobias Whitfield
>>> Counsel, Legal Services Branch
>>> Ministry of Finance
>>> 777 Bay Street, 11th Floor
>>> Toronto, ON
>>> M5G 2C8
>>> tobias.whitfield@ontario.ca
>>> Phone: 416-325-1456
>>>
>>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>>>
>>> _____
>>> From: John Kim [John.Kim@ofina.on.ca]
>>> Sent: Monday, July 17, 2017 11:23 AM
>>> To: Whitfield, Tobias P. (MOF)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Thanks for the follow up. I got sidetracked on a few things.
>>>
>>> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>>>
>>> John
>>>
>>> -----Original Message-----

>>> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
>>> Sent: Monday, July 17, 2017 11:18 AM
>>> To: John Kim <John.Kim@ofina.on.ca>
>>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>>>
>>> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>>>
>>> Toby
>>>
>>> Tobias Whitfield
>>> Counsel, Legal Services Branch
>>> Ministry of Finance
>>> 777 Bay Street, 11th Floor
>>> Toronto, ON
>>> M5G 2C8
>>> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
>>> Phone: 416-325-1456
>>>
>>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>>> _____
>>> From: Montgomery, Kaitlin (MOF)
>>> Sent: Friday, July 14, 2017 10:42 AM
>>> To: Kim, John (OFA)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi - There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document- ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>>>
>>> Happy to discuss,
>>> Kaitlin
>>> 6.6343
>>>
>>> From: Montgomery, Kaitlin (MOF)
>>> Sent: July 11, 2017 2:49 PM
>>> To: Kim, John (OFA)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>>>
>>>
>>> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?

>>>
>>> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>>>
>>> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>>>
>>> Thanks,
>>> Kaitlin
>>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>>> Sent: July 11, 2017 2:16 PM
>>> To: Montgomery, Kaitlin (MOF)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi Kaitlin,
>>>
>>> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>>>
>>> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>>>
>>> Happy to discuss.
>>>
>>> John
>>>
>>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>>> Sent: Friday, July 07, 2017 3:34 PM
>>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>>>
>>> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
>>>
>>> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>>>
>>> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>>>
>>> Happy to discuss,

>>> Kaitlin
>>> 416.326.6343
>>>
>>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>>> Sent: July 7, 2017 3:12 PM
>>> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi Malle,
>>>
>>> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>>>
>>> Looping Kaitlin in as she has been in contact with OPG on this one.
>>>
>>> Thanks,
>>>
>>> John
>>>
>>> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>>> Sent: Thursday, July 06, 2017 10:04 AM
>>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi John,
>>>
>>> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>>>
>>> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>>>
>>> Thank you.
>>>
>>> Malle
>>>
>>> From: Hanslep, Malle (MOF)
>>> Sent: July 5, 2017 9:57 AM
>>> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
>>> Cc: Bruno Amara
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi John,
>>>
>>> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>>>
>>> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
>>>

>>> The commitments in section 1 seem very broad and open-ended - The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>>>
>>> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
>>>
>>> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>>>
>>> Thanks.
>>>
>>> Malle
>>>
>>>
>>>
>>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>>> Sent: July 4, 2017 1:48 PM
>>> To: Whitfield, Tobias P. (MOF)
>>> Cc: Bruno Amara; Hanslep, Malle (MOF)
>>> Subject: FW: OFHP - Business Issue next steps
>>>
>>> Hi Toby,
>>>
>>> Just wanted to get something going with an introductory email and to provide you with some context.
>>>
>>> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>>>
>>> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
>>>
>>> Happy to discuss.
>>>
>>> Thanks,
>>>
>>> John
>>>
>>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>>> Sent: Wednesday, June 28, 2017 9:55 AM
>>> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
>>> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>>>
>>> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>>>
>>> Kaitlin

>>>
>>> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
>>> Sent: June 24, 2017 11:45 AM
>>> To: Montgomery, Kaitlin (MOF)
>>> Cc: Kim, John (OFA); Manning, Mike (OFA)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi Kaitlin
>>>
>>> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
>>>
>>> Thanks
>>>
>>> Ken k
>>> From
>>> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>>> Sent: Wednesday, June 21, 2017 2:27 PM
>>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
>>>
>>> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?
>>>
>>> Thanks,
>>> Kaitlin
>>>
>>> From: Montgomery, Kaitlin (MOF)
>>> Sent: June 5, 2017 3:55 PM
>>> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
>>> Subject: OFHP - Business Issue next steps
>>>
>>> Hi everyone,
>>>
>>> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>>>
>>>
>>> 1. Equity Injection Mechanics (draft term sheet attached)
>>>
>>> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>>>
>>> 2. Performance Fee Recommendation (OPG recommended approach attached)
>>>

>>> a. If comfortable, OPG would assist ENE in developing regulation language
>>>
>>> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>>>
>>> Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?
>>>
>>> Thanks in advance,
>>> Kaitlin
>>>
>>>
>>>
>>> _____
>>>
>>> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Kenneth Russell
Cc:	Tobias P. Whitfield (MOF); Bruno Amara; Sarah Neville; Malle Hanslep (MOF)
Subject:	RE: OFHP - Business Issue next steps
Date:	Monday, July 17, 2017 12:06:19 PM

Sure, I will set it up and I have a few questions around the delegated operational role.

John

-----Original Message-----
From: Kenneth Russell
Sent: Monday, July 17, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Re: OFHP - Business Issue next steps

John

It seems to me that if the OFA was to take on delegated operational responsibility it would in effect have responsibility under the MSA and an argument would exist that it should be a party.

My view is that we should have an internal discussion about the role of the OFA before speaking to MoE.

Ken

Sent from my iPhone

> On Jul 17, 2017, at 11:54 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> I would be happy if a reach out to Energy Legal is made.
>
> Even if a delegated operational role is taken on, I wasn't sure why the OFA would need to be a party to the MSA but would help to hear Energy Legal's perspective.
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: Monday, July 17, 2017 11:52 AM
> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: Re: OFHP - Business Issue next steps
>
> I agree that a discussion would be useful.
>
> It seems to me that the first thing to clarify is the role of the OFA. Is the OFA to simply provide financial services or is it prepared to take on a delegated operational role? My view is that for the OFA to take on an operational role some significant issues would have to be addressed.
>
> Ken
>
>
>
> Sent from my iPhone

>
>> On Jul 17, 2017, at 11:25 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>>
>> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>>
>>
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca
>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>>
>> _____
>> From: John Kim [John.Kim@ofina.on.ca]
>> Sent: Monday, July 17, 2017 11:23 AM
>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks for the follow up. I got sidetracked on a few things.
>>
>> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>>
>> John
>>
>> -----Original Message-----
>> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
>> Sent: Monday, July 17, 2017 11:18 AM
>> To: John Kim <John.Kim@ofina.on.ca>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>>
>> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>>
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance

>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>> _____
>> From: Montgomery, Kaitlin (MOF)
>> Sent: Friday, July 14, 2017 10:42 AM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi - There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document- ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>>
>> Happy to discuss,
>> Kaitlin
>> 6.6343
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: July 11, 2017 2:49 PM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>>
>>
>> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
>>
>> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>>
>> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>>
>> Thanks,
>> Kaitlin
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 11, 2017 2:16 PM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Kaitlin,
>>
>> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master

Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>>
>> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>>
>> Happy to discuss.
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Friday, July 07, 2017 3:34 PM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>>
>> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
>>
>> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>>
>> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>>
>> Happy to discuss,
>> Kaitlin
>> 416.326.6343
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 7, 2017 3:12 PM
>> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Malle,
>>
>> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>>
>> Looping Kaitlin in as she has been in contact with OPG on this one.
>>
>> Thanks,
>>
>> John

>>
>> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>> Sent: Thursday, July 06, 2017 10:04 AM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>
>> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>>
>> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>>
>> Thank you.
>>
>> Malle
>>
>> From: Hanslep, Malle (MOF)
>> Sent: July 5, 2017 9:57 AM
>> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>
>> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>>
>> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
>>
>> The commitments in section 1 seem very broad and open-ended - The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>>
>> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
>>
>> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>>
>> Thanks.
>>
>> Malle
>>
>>
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 4, 2017 1:48 PM

>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Hanslep, Malle (MOF)
>> Subject: FW: OFHP - Business Issue next steps
>>
>> Hi Toby,
>>
>> Just wanted to get something going with an introductory email and to provide you with some context.
>>
>> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>>
>> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
>>
>> Happy to discuss.
>>
>> Thanks,
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 28, 2017 9:55 AM
>> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
>> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>>
>> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>>
>> Kaitlin
>>
>> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
>> Sent: June 24, 2017 11:45 AM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Kim, John (OFA); Manning, Mike (OFA)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Kaitlin
>>
>> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
>>
>> Thanks
>>
>> Ken k
>> From

>> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 21, 2017 2:27 PM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
>>
>> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?
>>
>> Thanks,
>> Kaitlin
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: June 5, 2017 3:55 PM
>> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
>> Subject: OFHP - Business Issue next steps
>>
>> Hi everyone,
>>
>> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>>
>>
>> 1. Equity Injection Mechanics (draft term sheet attached)
>>
>> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>>
>> 2. Performance Fee Recommendation (OPG recommended approach attached)
>>
>> a. If comfortable, OPG would assist ENE in developing regulation language
>>
>> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>>
>> Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?
>>
>> Thanks in advance,
>> Kaitlin
>>
>>
>>
>> _____
>>
>> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended

and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Kenneth Russell; Tobias P. Whitfield (MOF)
Cc: Bruno Amara; Sarah Neville; Malle Hanslep (MOF)
Subject: RE: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 11:54:19 AM

I would be happy if a reach out to Energy Legal is made.

Even if a delegated operational role is taken on, I wasn't sure why the OFA would need to be a party to the MSA but would help to hear Energy Legal's perspective.

-----Original Message-----
From: Kenneth Russell
Sent: Monday, July 17, 2017 11:52 AM
To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
Subject: Re: OFHP - Business Issue next steps

I agree that a discussion would be useful.

It seems to me that the first thing to clarify is the role of the OFA. Is the OFA to simply provide financial services or is it prepared to take on a delegated operational role? My view is that for the OFA to take on an operational role some significant issues would have to be addressed.

Ken

Sent from my iPhone

> On Jul 17, 2017, at 11:25 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>
> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> 777 Bay Street, 11th Floor
> Toronto, ON
> M5G 2C8
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>
> _____

> From: John Kim [John.Kim@ofina.on.ca]
> Sent: Monday, July 17, 2017 11:23 AM
> To: Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Thanks for the follow up. I got sidetracked on a few things.
>
> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>
> John
>
> -----Original Message-----
> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
> Sent: Monday, July 17, 2017 11:18 AM
> To: John Kim <John.Kim@ofina.on.ca>
> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: RE: OFHP - Business Issue next steps
>
> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>
> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> 777 Bay Street, 11th Floor
> Toronto, ON
> M5G 2C8
> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
> Phone: 416-325-1456
>
> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
> _____
> From: Montgomery, Kaitlin (MOF)
> Sent: Friday, July 14, 2017 10:42 AM
> To: Kim, John (OFA)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>
> Happy to discuss,

> Kaitlin
> 6.6343
>
> From: Montgomery, Kaitlin (MOF)
> Sent: July 11, 2017 2:49 PM
> To: Kim, John (OFA)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>
>
> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
>
> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>
> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>
> Thanks,
> Kaitlin
> From: John Kim [mailto:John.Kim@ofina.on.ca]
> Sent: July 11, 2017 2:16 PM
> To: Montgomery, Kaitlin (MOF)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi Kaitlin,
>
> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>
> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>
> Happy to discuss.
>
> John
>
> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> Sent: Friday, July 07, 2017 3:34 PM
> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>
> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so

suspect ENE legal would have a copy.
>
> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>
> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>
> Happy to discuss,
> Kaitlin
> 416.326.6343
>
> From: John Kim [mailto:John.Kim@ofina.on.ca]
> Sent: July 7, 2017 3:12 PM
> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi Malle,
>
> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>
> Looping Kaitlin in as she has been in contact with OPG on this one.
>
> Thanks,
>
> John
>
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Thursday, July 06, 2017 10:04 AM
> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> Hi John,
>
> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>
> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>
> Thank you.
>
> Malle
>
> From: Hanslep, Malle (MOF)
> Sent: July 5, 2017 9:57 AM

> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara
> Subject: RE: OFHP - Business Issue next steps
>
> Hi John,
>
> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>
> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
>
> The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>
> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
>
> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>
> Thanks.
>
> Malle
>
>
>
> From: John Kim [mailto:John.Kim@ofina.on.ca]
> Sent: July 4, 2017 1:48 PM
> To: Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara; Hanslep, Malle (MOF)
> Subject: FW: OFHP - Business Issue next steps
>
> Hi Toby,
>
> Just wanted to get something going with an introductory email and to provide you with some context.
>
> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>
> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
>
> Happy to discuss.
>
> Thanks,
>
> John
>
> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> Sent: Wednesday, June 28, 2017 9:55 AM

> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>
> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>
> Kaitlin
>
> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
> Sent: June 24, 2017 11:45 AM
> To: Montgomery, Kaitlin (MOF)
> Cc: Kim, John (OFA); Manning, Mike (OFA)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi Kaitlin
>
> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
>
> Thanks
>
> Ken k
> From
> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> Sent: Wednesday, June 21, 2017 2:27 PM
> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
>
> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?
>
> Thanks,
> Kaitlin
>
> From: Montgomery, Kaitlin (MOF)
> Sent: June 5, 2017 3:55 PM
> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
> Subject: OFHP - Business Issue next steps

>
> Hi everyone,
>
> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>
>
> 1. Equity Injection Mechanics (draft term sheet attached)
>
> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>
> 2. Performance Fee Recommendation (OPG recommended approach attached)
>
> a. If comfortable, OPG would assist ENE in developing regulation language
>
> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>
> Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?
>
> Thanks in advance,
> Kaitlin
>
>
>
> _____
>
> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Subject:	RE: OFHP - Business Issue next steps
Date:	Friday, July 21, 2017 12:52:10 PM

Yup, was taking an early lunch. Let's chat this afternoon.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 21, 2017 11:19 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hey you around today to chat?

416.326.6343

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 18, 2017 2:56 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok, cool….have a good time off.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, July 18, 2017 2:55 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

All good – I had another chat with legal and think they are getting comfortable. Hoping you guys are still willing to review the MSA even if OFA isn't a party to it (as I think OFA's probably more familiar with this type of stuff).

I'm off weds/thurs on a course but we can chat Friday.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 18, 2017 2:52 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Happy to chat about this tomorrow.

John

From: John Kim

Sent: Tuesday, July 18, 2017 2:51 PM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

On the OFA side, we are of the view that the MSA should be between OPG and Energy.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 14, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Subject: RE: OFHP - Business Issue next steps

Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.

Happy to discuss,
Kaitlin
6.6343

From: Montgomery, Kaitlin (MOF)
Sent: July 11, 2017 2:49 PM
To: Kim, John (OFA)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that

authority for “up to xxB annually”?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let’s go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It’s based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn’t ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn’t a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation

of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a “service” type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this

point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Salman Qadir
Subject: RE: OFHP - Outstanding business issues
Date: Monday, June 05, 2017 9:23:05 AM

Hi Salman,

I haven't booked the meeting yet…..might have a mini one informally in my office. Will let you know.

John

From: Salman Qadir
Sent: Monday, June 05, 2017 9:22 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi John,

Could you send me the call-in number? Just the phone number for the ADM boardroom should suffice.

Salman

From: John Kim
Sent: Friday, June 02, 2017 10:15 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Let's have a branch meeting on Monday….I will schedule one and get a list of things that we are working on.

John

From: Salman Qadir
Sent: Friday, June 02, 2017 10:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

It looks like it also confirms this (to which we had an understanding but no concrete confirmation), re: the IESO credit facility:

The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)

Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From:	John Kim
To:	Bruno Amara
Cc:	Gavin He; Shajee Kathirgamanathan; Salman Qadir
Subject:	RE: OFHP - Outstanding business issues
Date:	Friday, June 02, 2017 10:59:36 AM

Sure, if Salman could get the list going….and hopefully we try to meet the timeline.

From: Bruno Amara
Sent: Friday, June 02, 2017 10:30 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

OK, If you're OK I'm OK ☺ I'm mainly concerned about due dates, but we'll proceed.

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From: John Kim
To: Salman Qadir
Subject: RE: OFHP - Outstanding business issues
Date: Friday, June 02, 2017 10:24:56 AM

Lol. It's deceptively big the CX-9.

From: Salman Qadir
Sent: Friday, June 02, 2017 10:24 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

It hasn't' changed much over last year… it's a nice car and its said Mazda is definitely improving their cars… but still a Mazda….

Pilot just has more room ☺

From: John Kim
Sent: Friday, June 02, 2017 10:22 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

On a different note, did you see the new Mazda CX-9? They look good.

From: Salman Qadir
Sent: Friday, June 02, 2017 10:21 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Sure. I can start one.

From: John Kim
Sent: Friday, June 02, 2017 10:17 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Calling in is fine but do you mind working on the list?

From: Salman Qadir
Sent: Friday, June 02, 2017 10:17 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi John,

I am working from home on Monday (have Enbridge coming by at some point during the day), but can call in - np.

Can also do it today?

Salman

From: John Kim
Sent: Friday, June 02, 2017 10:15 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Let's have a branch meeting on Monday….I will schedule one and get a list of things that we are working on.

John

From: Salman Qadir
Sent: Friday, June 02, 2017 10:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

It looks like it also confirms this (to which we had an understanding but no concrete confirmation), re: the IESO credit facility:

The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)

Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From: John Kim
To: Salman Qadir
Subject: RE: OFHP - Outstanding business issues
Date: Friday, June 02, 2017 10:22:19 AM

On a different note, did you see the new Mazda CX-9? They look good.

From: Salman Qadir
Sent: Friday, June 02, 2017 10:21 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Sure. I can start one.

From: John Kim
Sent: Friday, June 02, 2017 10:17 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Calling in is fine but do you mind working on the list?

From: Salman Qadir
Sent: Friday, June 02, 2017 10:17 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi John,

I am working from home on Monday (have Enbridge coming by at some point during the day), but can call in - np.

Can also do it today?

Salman

From: John Kim
Sent: Friday, June 02, 2017 10:15 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Let's have a branch meeting on Monday….I will schedule one and get a list of things that we are working on.

John

From: Salman Qadir
Sent: Friday, June 02, 2017 10:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

It looks like it also confirms this (to which we had an understanding but no concrete confirmation), re: the IESO credit facility:

The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due.

Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From:	John Kim
To:	Bruno Amara
Subject:	RE: OFHP - Outstanding business issues
Date:	Friday, June 02, 2017 10:21:28 AM

Ok, no problem! Let's play it by ear.

From: Bruno Amara
Sent: Friday, June 02, 2017 10:20 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Doh! Just reminded me. I was going to ask for time off Monday a.m. Dog has a vet apt. Can we schedule meeting later in the morning, or go ahead without me?

Bruno

From: John Kim
Sent: Friday, June 02, 2017 10:15 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Let's have a branch meeting on Monday….I will schedule one and get a list of things that we are working on.

John

From: Salman Qadir
Sent: Friday, June 02, 2017 10:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

It looks like it also confirms this (to which we had an understanding but no concrete confirmation), re: the IESO credit facility:

The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM

To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was

unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From:	John Kim
To:	Salman Qadir
Subject:	RE: OFHP - Outstanding business issues
Date:	Friday, June 02, 2017 10:17:16 AM

Calling in is fine but do you mind working on the list?

From: Salman Qadir
Sent: Friday, June 02, 2017 10:17 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi John,

I am working from home on Monday (have Enbridge coming by at some point during the day), but can call in - np.

Can also do it today?

Salman

From: John Kim
Sent: Friday, June 02, 2017 10:15 AM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Let's have a branch meeting on Monday….I will schedule one and get a list of things that we are working on.

John

From: Salman Qadir
Sent: Friday, June 02, 2017 10:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

It looks like it also confirms this (to which we had an understanding but no concrete confirmation), re: the IESO credit facility:

The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From:	John Kim
To:	Salman Qadir; Bruno Amara
Cc:	Gavin He; Shajee Kathirgamanathan
Subject:	RE: OFHP - Outstanding business issues
Date:	Friday, June 02, 2017 10:15:16 AM

Let's have a branch meeting on Monday….I will schedule one and get a list of things that we are working on.

John

From: Salman Qadir
Sent: Friday, June 02, 2017 10:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

It looks like it also confirms this (to which we had an understanding but no concrete confirmation), re: the IESO credit facility:

The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says

June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From:	John Kim
To:	Bruno Amara
Subject:	RE: OFHP - Outstanding business issues
Date:	Friday, June 02, 2017 10:02:24 AM

I think the Province's position thing was on the guarantee….not the OIC?

From: Salman Qadir
Sent: Friday, June 02, 2017 10:01 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

It looks like it also confirms this (to which we had an understanding but no concrete confirmation), re: the IESO credit facility:

The Directive and Credit Facility Agreement are currently being drafted, to be in place by July 1st, 2017

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From:	John Kim
To:	Bruno Amara
Cc:	Gavin He; Shajee Kathirgamanathan; Salman Qadir
Subject:	RE: OFHP - Outstanding business issues
Date:	Friday, June 02, 2017 9:57:49 AM

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was

unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From: John Kim
To: Salman Qadir; Bruno Amara
Cc: Gavin He; Shajee Kathirgamanathan
Subject: RE: OFHP - Outstanding business issues
Date: Monday, June 05, 2017 10:22:03 AM

Hi all,

This is very helpful.

Could we work to ensure that these items are in good hands by end of week?

If any of these require attention, pls. raise to me and Bruno.

John

From: Salman Qadir
Sent: Friday, June 02, 2017 11:18 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi,

I'm assuming our branch has no deliverables related to other parts of the OFHP, so I've created a "Implementation" folder in the "Debt Financing the GA" since all of these related to the GA part of the OFHP. Happy to move around and reorg.

Z:\Users\CEF\Hydro 2017\Electricity Prices\Mitigation Proposals\Debt Financing the GA\Implementation

I've created a deliverables list there as well. Feel free to add.

Regards,
Salman

From: John Kim
Sent: Friday, June 02, 2017 11:00 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Sure, if Salman could get the list going….and hopefully we try to meet the timeline.

From: Bruno Amara
Sent: Friday, June 02, 2017 10:30 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

OK, If you're OK I'm OK ☺ I'm mainly concerned about due dates, but we'll proceed.

From: John Kim
Sent: Friday, June 02, 2017 9:58 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Yeah, I'm fine with it as they took ownership of the wording. And I am of the view that various areas would try to squeeze in everything for the June 27.

From: Bruno Amara
Sent: Friday, June 02, 2017 9:55 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi John

Did you notice the wording change on the timing of the OIC regarding OPG indemnity. It now says June 27. Our wording was not committal to the June 27 date, but to . I don't think there is that urgency for this OIC. Per our teleconference earlier this week, there are still internal discussions to be had regarding the Province's position.

This was our wording

- Upcoming Cabinet date is June 27, 2017, for which documents are past due. Next possible LRC/Cabinet date is scheduled for July 26, 2017.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, June 01, 2017 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep

<Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi – just wanted to loop back and provide the final version which also incorporates edits from OPG.

From: Montgomery, Kaitlin (MOF)
Sent: May 31, 2017 10:42 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From:	Ronald Kwan
To:	Gavin He
Cc:	John Kim; Usman Zahid
Subject:	RE: OFHP Business Issues
Date:	Wednesday, November 08, 2017 6:06:22 PM

Thanks Gavin.

Ron

From: Gavin He
Sent: November-08-17 18:06
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi Ron,

Thanks for reviewing this. We have updated the deck to address your comments on slide 3 and 5. We will send this back at a staff level then.

Regards,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 08, 2017 5:51 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi John,

That`s fine to get back at a staff level.

Presumably, slide 3 should replace the ''Protection Agreement'' wording too.

On slide 5, it refers to an estimated $20 bn, vs the less than $20 bn in the comms around the AG report. Is this an update, or should it be edited to conform?

Ron

From: John Kim
Sent: November-08-17 14:35
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>

Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Hi Ron,

Could we get back to Steen's group at staff level? We reflected comments from FTD and CMD as attached.

Thanks,

John

From: Cox, Hilary (ENERGY) [mailto:Hilary.Cox@ontario.ca]
Sent: Wednesday, November 08, 2017 1:05 PM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi John –
Please send your deck edits by end of day.

HC

From: Montgomery, Kaitlin (MOF)
Sent: November 2, 2017 12:49 PM
To: Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Business Issues

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>

Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Subject:	RE: OFHP Business Issues
Date:	Thursday, November 02, 2017 8:47:31 AM

Great – thx

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"
Subject:	RE: OFHP Business Issues
Date:	Thursday, November 02, 2017 8:36:33 AM

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)

Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Subject:	RE: OFHP Business Issues
Date:	Thursday, November 02, 2017 8:35:59 AM

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: "Montgomery, Kaitlin (MOF)"
Subject: RE: OFHP Business Issues
Date: Thursday, November 02, 2017 8:33:51 AM

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>;

Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

From:	John Kim
To:	Ken Kandeepan; Carlos Yep; James Devine
Cc:	Ronald Kwan; Mike Manning; Gavin He
Subject:	RE: OFHP Business Issues
Date:	Wednesday, November 01, 2017 11:39:43 AM

Thanks Ken. I'm hoping to get back to you on the Q.

Carlos, any update….on the sub debt slide?

John

From: Ken Kandeepan
Sent: Wednesday, November 01, 2017 10:17 AM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP Business Issues

Thanks John, I don't have any major issues. I do note that the slide on the recovery of interest over the moratorium period remains blank, I understand a reg was crafted on this issue with IESO recovering these amounts from the Global Adjustment. Not sure whether the recovery is limited to IESO's interest costs on the credit line or extends to the interest costs of the financing entity over the four years in question.

Clarification from you or Energy will be much appreciated.

Slide 10: one small point it says the sub debt agreement includes the OFA as a party, my understanding is that the OFA will review the sub debt agreement and make sure we are comfortable with the terms, but will not be a signatory, you may want to communicate this to Energy.

Thanks

Ken k

From: John Kim
Sent: Monday, October 30, 2017 11:48 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Pls. take a look and send any suggested edits/comments.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, October 30, 2017 11:46 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we

would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

From: Gavin He
To: John Kim
Subject: RE: OFHP Business Issues
Date: Wednesday, November 01, 2017 11:06:40 AM
Attachments: 2017 10 30 OFHP Business Issues v03.pptx

Hi John,

I have saved Ken's comments on slides 8 & 10 in the attached version. Also, I included my 2 comments on slides 6 & 11.

I saved it under below folder as well:

S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Implementation

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 01, 2017 10:17 AM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP Business Issues

Thanks John, I don't have any major issues. I do note that the slide on the recovery of interest over the moratorium period remains blank, I understand a reg was crafted on this issue with IESO recovering these amounts from the Global Adjustment. Not sure whether the recovery is limited to IESO's interest costs on the credit line or extends to the interest costs of the financing entity over the four years in question.

Clarification from you or Energy will be much appreciated.

Slide 10: one small point it says the sub debt agreement includes the OFA as a party, my understanding is that the OFA will review the sub debt agreement and make sure we are comfortable with the terms, but will not be a signatory, you may want to communicate this to Energy.

Thanks

Ken k

From: John Kim
Sent: Monday, October 30, 2017 11:48 AM

To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Pls. take a look and send any suggested edits/comments.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, October 30, 2017 11:46 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

OFHP Business Issues

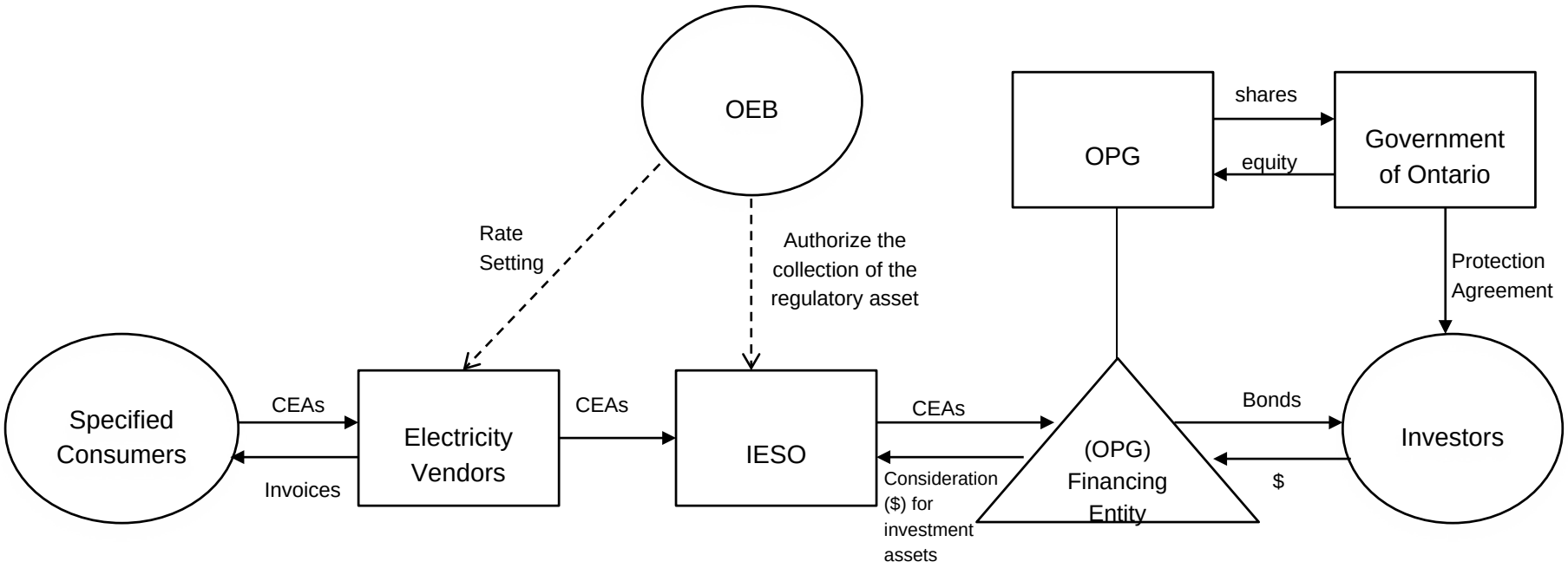
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- Xx

CEFD Comment: Does the FAA include any interest on the deferred GA amount? Does the equity injection from the Province also covers those interest costs?

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- Xx

OFA Comment: Is the recovery limited to IESO's interest costs on the credit line or does it extend to the interest costs of the financing entity over the four years in question?

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From:	Montgomery, Kaitlin (MOF)
To:	Hilary Cox (ENE); Dan Shear (ENERGY); Thouin, Alena (ENERGY); John Kim; Robin Lewis (MOF); Sud, Manu (ENERGY)
Cc:	Keley Katona (ENERGY); Kuppuswami, Kritika (MOF)
Subject:	RE: OFHP Business Issues
Date:	Monday, October 30, 2017 11:46:25 AM
Attachments:	2017 10 30 OFHP Business Issues v02.pptx

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

OFHP Business Issues

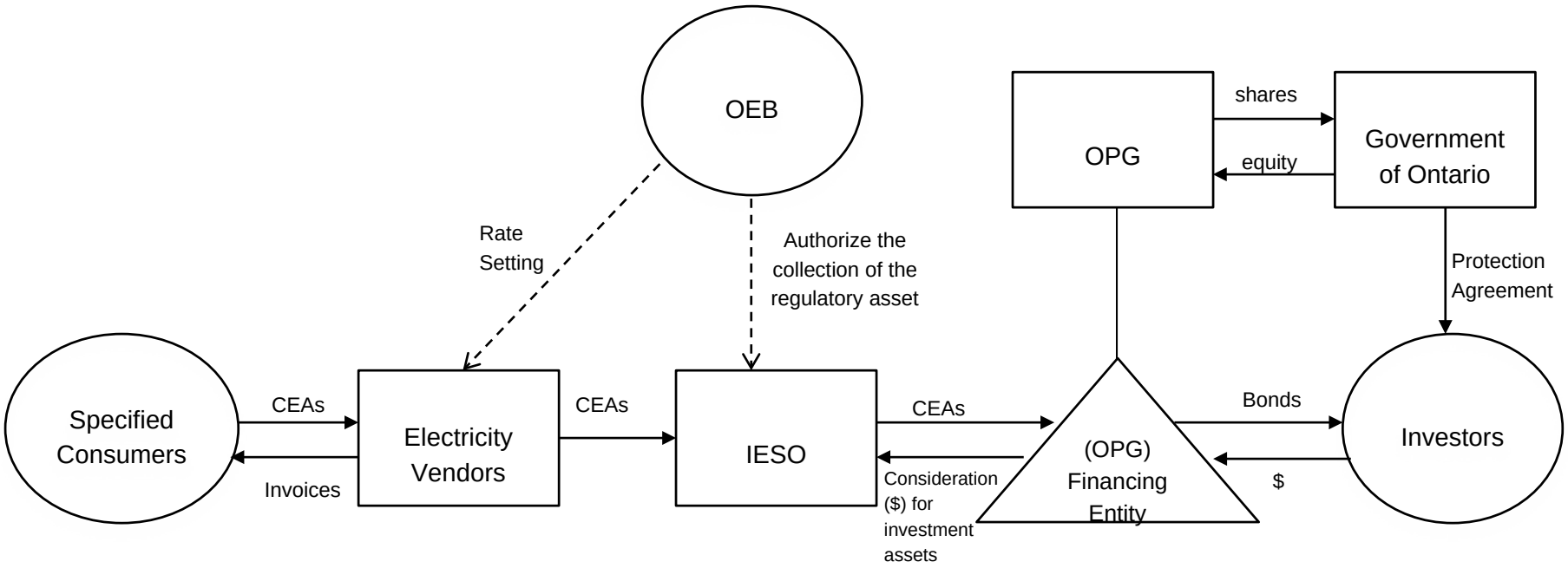
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"; Hilary Cox (ENE); Dan Shear (ENERGY); Tom McKinlay (MAG); Robin Lewis (MOF)
Cc:	Keley Katona (ENERGY)
Subject:	RE: OFHP Business Issues
Date:	Tuesday, October 03, 2017 3:25:56 PM
Attachments:	2017 09 29 OFHP Business Issues v01_Markup3Sent.pptx

---

Hi Keley,

See attached with comments from various parts of the OFA.

Thanks,

John

-----Original Message-----
From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, September 29, 2017 2:52 PM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>
Subject: Re: OFHP Business Issues

Yes please include and say it's done.

Thanks!

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Cox, Hilary (ENERGY)
Sent: Friday, September 29, 2017 1:29 PM
To: Montgomery, Kaitlin (MOF); Shear, Dan (ENERGY); McKinlay, Tom (MAG); Kim, John (OFA); Lewis, Robin (MOF)
Cc: Katona, Keley (MOF)
Subject: RE: OFHP Business Issues

We just sent the FAA letter, so I can likely delete that slide –unless you want to keep it in to describe and indicate that it's done for now?

HC

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I’ve attempted to fill out as much as possible (Hilary there’s a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I’m wrong).

Each of you are involved in various aspects of these issues so I’m hoping you can take a look to ensure we’re accurately capturing each item.

I’m away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

OFHP Business Issues

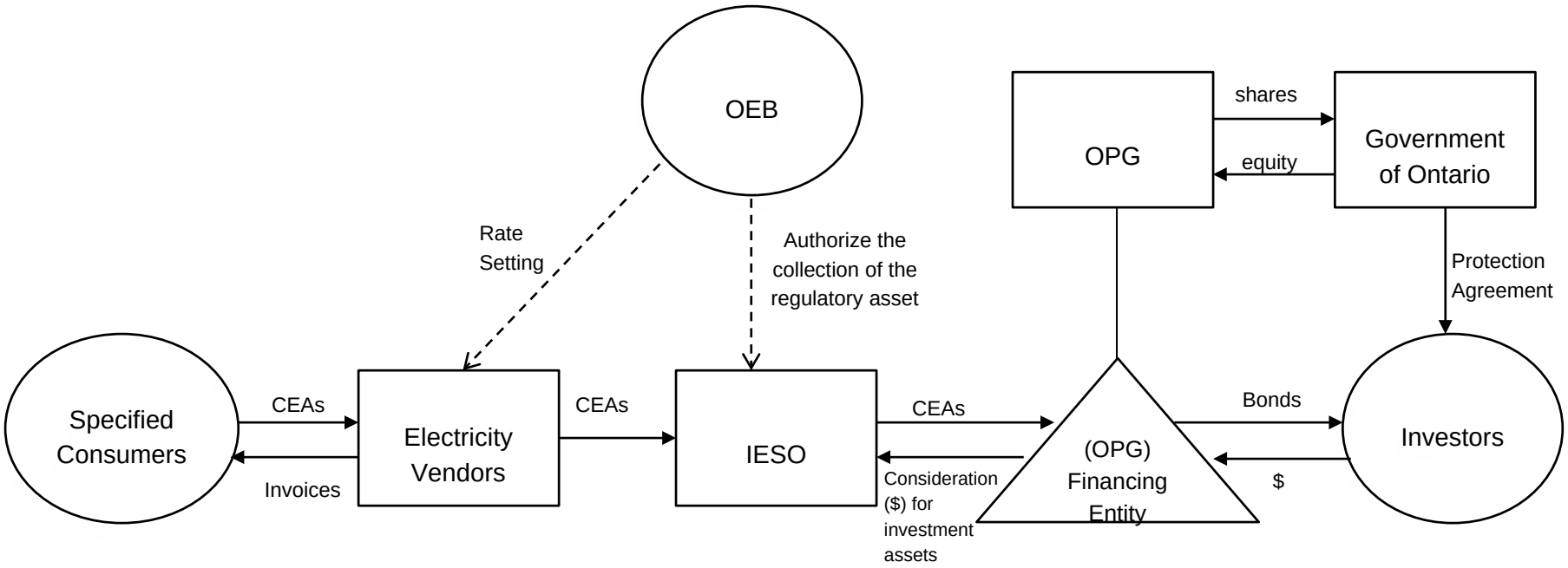
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - ~~The~~ A financing entity ~~will~~ purchas~~ing~~ ~~e~~ the regulatory asset would~~,~~ effectively finance ~~ing~~ the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
    - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Province has agreed to provide a protection agreement that supports the Financing Entity and prospective debt holders such that~~, under certain circumstances,~~ the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
    - Actions of the Legislative Assembly that undermine the financing arrangement~~,~~; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
    - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
    - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
    - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
    - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
    - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its ~~accounting~~ objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

From: John Kim
To: Robin Lewis (MOF)
Subject: RE: OFHP Business Issues
Date: Tuesday, September 19, 2017 1:48:36 PM

Hi Rob,

I think the OFA have been working on those other slides issues….not sure if we have a view on this one.

John

From: Lewis, Robin (MOF) [mailto:Robin.Lewis@ontario.ca]
Sent: Tuesday, September 19, 2017 11:02 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

John,

Does the OFA have an opinion on whether the interest paid by the SPV ought to have a tax exemption?

There would be no reason to exempt interest paid to OPG from a policy perspective.

Regards,

Rob

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 19, 2017 10:54 AM
To: Lewis, Robin (MOF)
Cc: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: RE: OFHP Business Issues

Hi Rob,

I think the question is best posed to Keley at IGB. Based on what I see in the slide, it looks like all interest income would be included in the proposal.

John

From: Lewis, Robin (MOF) [mailto:Robin.Lewis@ontario.ca]
Sent: Tuesday, September 19, 2017 8:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>

Subject: RE: OFHP Business Issues

John,

Do you know if the interest on the money OPG intends to lend to the Fair Hydro Trust needs to be tax exempt too? We were told that incidental income may arise in the trust and would have to be payable to OPG (or an OPG sub) in order that the Fair Hydro Trust pays no tax. Otherwise the tax (or PILs) would have to be passed on to rate payers.

The Province appears to be buying shares of OPG to inject the capital. OPG then plans to lend the capital to the trust at market interest rates. Seems to me that OPG will profit from this funding and ought to be taxable on interest received.

Please let me know what you think.

Regards,

Rob

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 19, 2017 7:55 AM
To: Montgomery, Kaitlin (MOF); Katona, Keley (MOF); Winfield, Lloyd (MOF)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

Ron had some additional edits on the last slide. Also, the deleting of the wording on s.11.4 certificate, is that Energy's changes?

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, September 18, 2017 12:47 PM
To: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Revised version attached.

Please let us know if you have any further comments or questions on this draft.

Thanks,
Kaitlin

From: Katona, Keley (MOF)
Sent: September 18, 2017 10:25 AM
To: Winfield, Lloyd (MOF); Kim, John (OFA)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Sure, we can circulate a new draft today.

From: Winfield, Lloyd (MOF)
Sent: September 18, 2017 9:58 AM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hello Keley.

It seems that our and OFA's suggested edits have crossed paths. If possible, we would appreciate reviewing the taxation aspect again before the deck is finalized.

Regards,
Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 18, 2017 8:07 AM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

Please review the ofa's comments ASAP, then come and discuss.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 15, 2017 4:45 PM
To: Katona, Keley (MOF); Winfield, Lloyd (MOF)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA)
Subject: RE: OFHP Business Issues

Hi Keley,

Attached is comments from OFA. My CMD colleagues indicate that much of slide 5 on Subordinate

Debt Agreement is work in progress and TBD. CMD will be meeting with OPG next week to discuss these items.

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 3:39 PM
To: Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Thanks

From: Winfield, Lloyd (MOF)
Sent: September 15, 2017 3:38 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Keley.

Rob asked that I forward this slightly amended slide deck (attached) and these general comments to you. Our amendments have been keyed directly into this copy in red font (page 3). One edit adds words. One edit replaces words.

Other comments.

1. A Trust is mentioned as part of the financing entity structure (page 3, top). Then a specific trust is named (page 5, the Fair Hydro Trust) but it is not explained whether this named trust is, or isn't, the Trust that is part of the financing entity structure.
2. The term financing entity is used eleven times but it seems that there are different meanings and different contexts (i.e., capitalized/not capitalized, specific entity/generic entity). This is confusing. In one instance perhaps the term "financial services manager" is meant (page 3, just before the heading 'Next Steps.')
3. We note that acronyms for the Income Tax Act (Canada) and Ontario Taxation Act are provided, but not used elsewhere in the document. Perhaps these two acronyms are not needed.

If questions, please do not hesitate to ask.

Regards.

Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 15, 2017 12:58 PM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

ASAP please.

From: Katona, Keley (MOF)
Sent: September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY); Kim, John (OFA); Lewis, Robin (MOF)
Cc: Montgomery, Kaitlin (MOF)
Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Robin Lewis (MOF)
Cc:	Daniela Klassen (MOF); Lloyd Winfield (MOF)
Subject:	RE: OFHP Business Issues
Date:	Tuesday, September 19, 2017 10:53:47 AM

Hi Rob,

I think the question is best posed to Keley at IGB. Based on what I see in the slide, it looks like all interest income would be included in the proposal.

John

From: Lewis, Robin (MOF) [mailto:Robin.Lewis@ontario.ca]
Sent: Tuesday, September 19, 2017 8:07 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>
Subject: RE: OFHP Business Issues

John,

Do you know if the interest on the money OPG intends to lend to the Fair Hydro Trust needs to be tax exempt too? We were told that incidental income may arise in the trust and would have to be payable to OPG (or an OPG sub) in order that the Fair Hydro Trust pays no tax. Otherwise the tax (or PILs) would have to be passed on to rate payers.

The Province appears to be buying shares of OPG to inject the capital. OPG then plans to lend the capital to the trust at market interest rates. Seems to me that OPG will profit from this funding and ought to be taxable on interest received.

Please let me know what you think.

Regards,

Rob

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 19, 2017 7:55 AM
To: Montgomery, Kaitlin (MOF); Katona, Keley (MOF); Winfield, Lloyd (MOF)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

Ron had some additional edits on the last slide. Also, the deleting of the wording on s.11.4

certificate, is that Energy's changes?

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, September 18, 2017 12:47 PM
To: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Revised version attached.

Please let us know if you have any further comments or questions on this draft.

Thanks,
Kaitlin

From: Katona, Keley (MOF)
Sent: September 18, 2017 10:25 AM
To: Winfield, Lloyd (MOF); Kim, John (OFA)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Sure, we can circulate a new draft today.

From: Winfield, Lloyd (MOF)
Sent: September 18, 2017 9:58 AM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hello Keley.

It seems that our and OFA's suggested edits have crossed paths. If possible, we would appreciate reviewing the taxation aspect again before the deck is finalized.

Regards,
Lloyd

Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 18, 2017 8:07 AM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

Please review the ofa's comments ASAP, then come and discuss.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 15, 2017 4:45 PM
To: Katona, Keley (MOF); Winfield, Lloyd (MOF)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA)
Subject: RE: OFHP Business Issues

Hi Keley,

Attached is comments from OFA. My CMD colleagues indicate that much of slide 5 on Subordinate Debt Agreement is work in progress and TBD. CMD will be meeting with OPG next week to discuss these items.

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 3:39 PM
To: Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Thanks

From: Winfield, Lloyd (MOF)
Sent: September 15, 2017 3:38 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Keley.

Rob asked that I forward this slightly amended slide deck (attached) and these general comments to you. Our amendments have been keyed directly into this copy in red font (page 3). One edit adds words. One edit replaces words.

Other comments.

1. A Trust is mentioned as part of the financing entity structure (page 3, top). Then a specific trust is named (page 5, the Fair Hydro Trust) but it is not explained whether this named trust is, or isn't, the Trust that is part of the financing entity structure.
2. The term financing entity is used eleven times but it seems that there are different meanings and different contexts (i.e., capitalized/not capitalized, specific entity/generic entity). This is confusing. In one instance perhaps the term "financial services manager" is meant (page 3, just before the heading 'Next Steps.')
3. We note that acronyms for the Income Tax Act (Canada) and Ontario Taxation Act are provided, but not used elsewhere in the document. Perhaps these two acronyms are not needed.

If questions, please do not hesitate to ask.

Regards.

Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 15, 2017 12:58 PM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

ASAP please.

From: Katona, Keley (MOF)
Sent: September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY); Kim, John (OFA); Lewis, Robin (MOF)
Cc: Montgomery, Kaitlin (MOF)
Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance

Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: Ronald Kwan
Cc: John Kim; Usman Zahid
Subject: RE: OFHP Business Issues
Date: Wednesday, November 08, 2017 6:06:02 PM
Attachments: 2017 10 30 OFHP Business Issues v06.pptx

Hi Ron,

Thanks for reviewing this. We have updated the deck to address your comments on slide 3 and 5. We will send this back at a staff level then.

Regards,
Gavin He

From: Ronald Kwan
Sent: Wednesday, November 08, 2017 5:51 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi John,

That`s fine to get back at a staff level.

Presumably, slide 3 should replace the ''Protection Agreement'' wording too.

On slide 5, it refers to an estimated $20 bn, vs the less than $20 bn in the comms around the AG report. Is this an update, or should it be edited to conform?

Ron

From: John Kim
Sent: November-08-17 14:35
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Hi Ron,

Could we get back to Steen's group at staff level? We reflected comments from FTD and CMD as attached.

Thanks,

John

From: Cox, Hilary (ENERGY) [mailto:Hilary.Cox@ontario.ca]
Sent: Wednesday, November 08, 2017 1:05 PM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi John –
Please send your deck edits by end of day.

HC

From: Montgomery, Kaitlin (MOF)
Sent: November 2, 2017 12:49 PM
To: Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Business Issues

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)

Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>

Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

OFHP Business Issues

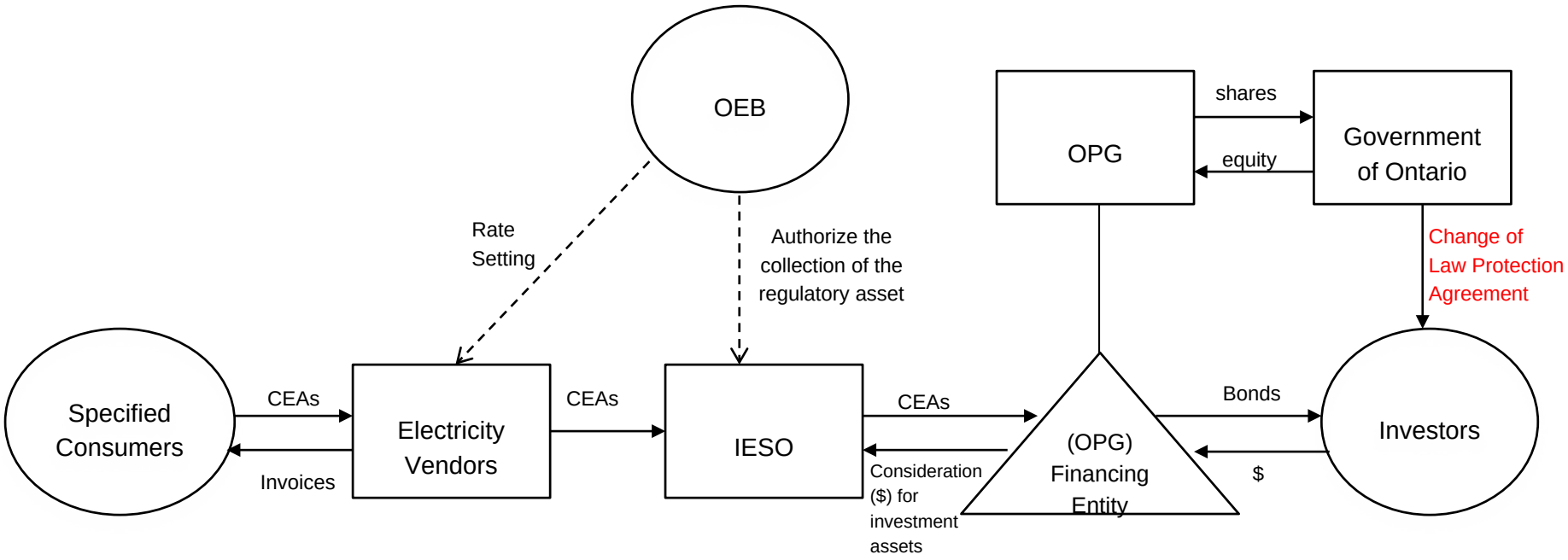
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - ~~Provincial Protection and Assurances Agreement (PPAA)~~ Change of Law Protection Agreement
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

~~Provincial Protection and Assurances Agreement~~Change of Law Protection Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

~~Provincial Protection and Assurances Agreement~~Change of ~~Law Protection Agreement~~ (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- Xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- Xx

FTD OFA Comment: Is the recovery limited to IESO's interest costs on the credit line or does it extend to the interest costs of the financing entity over the four years in question?

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt and junior subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of ~~September~~November [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From:	John Kim
To:	"Montgomery, Kaitlin (MOF)"; Keley Katona (ENERGY); Lloyd Winfield (MOF)
Cc:	McKinlay, Tom (ENERGY); Robin Lewis (MOF); Daniela Klassen (MOF); Ken Kandeepan; Carlos Yep
Subject:	RE: OFHP Business Issues
Date:	Tuesday, September 19, 2017 7:54:40 AM
Attachments:	2017 09 18 OFHP Outstanding Business Issues v03 redline_Markup.pptx

Hi Kaitlin,

Ron had some additional edits on the last slide. Also, the deleting of the wording on s.11.4 certificate, is that Energy's changes?

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, September 18, 2017 12:47 PM
To: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP Business Issues

Revised version attached.

Please let us know if you have any further comments or questions on this draft.

Thanks,
Kaitlin

From: Katona, Keley (MOF)
Sent: September 18, 2017 10:25 AM
To: Winfield, Lloyd (MOF); Kim, John (OFA)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Sure, we can circulate a new draft today.

From: Winfield, Lloyd (MOF)
Sent: September 18, 2017 9:58 AM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>; Kandeepan, Ken (OFA) <Ken.Kandeepan@ofina.on.ca>; Yep, Carlos (OFA) <Carlos.Yep@ofina.on.ca>

Subject: RE: OFHP Business Issues

Hello Keley.

It seems that our and OFA's suggested edits have crossed paths. If possible, we would appreciate reviewing the taxation aspect again before the deck is finalized.

Regards,
Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 18, 2017 8:07 AM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

Please review the ofa's comments ASAP, then come and discuss.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: September 15, 2017 4:45 PM
To: Katona, Keley (MOF); Winfield, Lloyd (MOF)
Cc: McKinlay, Tom (ENERGY); Lewis, Robin (MOF); Klassen, Daniela (MOF); Kandeepan, Ken (OFA); Yep, Carlos (OFA)
Subject: RE: OFHP Business Issues

Hi Keley,

Attached is comments from OFA. My CMD colleagues indicate that much of slide 5 on Subordinate Debt Agreement is work in progress and TBD. CMD will be meeting with OPG next week to discuss these items.

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 3:39 PM
To: Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Thanks

From: Winfield, Lloyd (MOF)

Sent: September 15, 2017 3:38 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Keley.

Rob asked that I forward this slightly amended slide deck (attached) and these general comments to you. Our amendments have been keyed directly into this copy in red font (page 3). One edit adds words. One edit replaces words.

Other comments.

1. A Trust is mentioned as part of the financing entity structure (page 3, top). Then a specific trust is named (page 5, the Fair Hydro Trust) but it is not explained whether this named trust is, or isn't, the Trust that is part of the financing entity structure.
2. The term financing entity is used eleven times but it seems that there are different meanings and different contexts (i.e., capitalized/not capitalized, specific entity/generic entity). This is confusing. In one instance perhaps the term "financial services manager" is meant (page 3, just before the heading 'Next Steps.')
3. We note that acronyms for the Income Tax Act (Canada) and Ontario Taxation Act are provided, but not used elsewhere in the document. Perhaps these two acronyms are not needed.

If questions, please do not hesitate to ask.

Regards.
Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 15, 2017 12:58 PM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

ASAP please.

From: Katona, Keley (MOF)
Sent: September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY); Kim, John (OFA); Lewis, Robin (MOF)
Cc: Montgomery, Kaitlin (MOF)
Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The financing entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity
- The above are in addition to a "Change of Law Protection Agreement" under which the Province would provide a guarantee to support the financing entities' debt under certain limited events such as a change in law or adverse court decision that would materially adversely affect the financing entities' ability to service debt.

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust)
- The Trust would be subject to tax under the Income Tax Act (Canada) and the Ontario Taxation Act, 2007
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG
  - Subco, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation ~~the stranded debt~~ of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the Ministry of Finance ~~Province~~ plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* , 1998 that would exempt Subco from paying PILs on income received as beneficiary of the Trust
- The Ministry of Finance ~~Province~~ will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financial Services Manager

Next Steps:

- Draft letter from the Minister of Finance to OPG is in development that will provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and ~~must~~ borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval ~~through the PRRT process~~ for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the ~~Province~~ Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds ~~following receipt of a certificate from the Ministry of Energy, as required under s.11.4 of the Financial Administration Act~~

Next Steps:

- OPG is seeking its Board approval on September 29th of any required steps for the equity subscription
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt ~~will~~ be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

From:	John Kim
To:	Keley Katona (ENERGY); Lloyd Winfield (MOF)
Cc:	McKinlay, Tom (ENERGY); Robin Lewis (MOF); Daniela Klassen (MOF); Ken Kandeepan; Carlos Yep
Subject:	RE: OFHP Business Issues
Date:	Friday, September 15, 2017 4:45:22 PM
Attachments:	2017 09 11 OFHP Outstanding Business Issues v02 Markup3.pptx

Hi Keley,

Attached is comments from OFA. My CMD colleagues indicate that much of slide 5 on Subordinate Debt Agreement is work in progress and TBD. CMD will be meeting with OPG next week to discuss these items.

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 3:39 PM
To: Lloyd Winfield (MOF) <Lloyd.Winfield@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Daniela Klassen (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Thanks

From: Winfield, Lloyd (MOF)
Sent: September 15, 2017 3:38 PM
To: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Cc: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>; Klassen, Daniela (MOF) <Daniela.Klassen@ontario.ca>
Subject: RE: OFHP Business Issues

Keley.

Rob asked that I forward this slightly amended slide deck (attached) and these general comments to you. Our amendments have been keyed directly into this copy in red font (page 3). One edit adds words. One edit replaces words.

Other comments.

1. A Trust is mentioned as part of the financing entity structure (page 3, top). Then a specific trust is named (page 5, the Fair Hydro Trust) but it is not explained whether this named trust is, or isn't, the Trust that is part of the financing entity structure.
2. The term financing entity is used eleven times but it seems that there are different

meanings and different contexts (i.e., capitalized/not capitalized, specific entity/generic entity). This is confusing. In one instance perhaps the term "financial services manager" is meant (page 3, just before the heading 'Next Steps.')

3. We note that acronyms for the Income Tax Act (Canada) and Ontario Taxation Act are provided, but not used elsewhere in the document. Perhaps these two acronyms are not needed.

If questions, please do not hesitate to ask.

Regards.
Lloyd
Lloyd.Winfield@ontario.ca | 416-212-3964
Legislative Design Specialist | Corporate & Commodity Tax Branch | Tax Policy Division

---

From: Lewis, Robin (MOF)
Sent: September 15, 2017 12:58 PM
To: Klassen, Daniela (MOF); Winfield, Lloyd (MOF)
Subject: FW: OFHP Business Issues

ASAP please.

From: Katona, Keley (MOF)
Sent: September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY); Kim, John (OFA); Lewis, Robin (MOF)
Cc: Montgomery, Kaitlin (MOF)
Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

OFHP Business Issues

DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - The Financing Entity will purchase the regulatory asset, effectively financing the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including:
  - A regulation to minimize Payments in Lieu (PILs) of taxes by the financing entity
  - An equity injection by the Province to OPG that OPG would use to lend to the financing entity
  - A subordinated debt agreement related to OPG lending to the financing entity

The above are in addition to a "Change of Law Protection Agreement" under which the Province would provide a guarantee to support the financing entities' debt under certain limited events such as a change in law or adverse court decision that would materially adversely affect the financing entities' ability to service debt.

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as financial services manager, will be a Trust
- The Trust would be subject to tax under the Income Tax Act (Canada) (ITA) and the Ontario Taxation Act, 2007 (TA)
- The beneficiary of the Trust will be a corporation that will be directly or indirectly wholly-owned by OPG
  - The corporation, given it is owned by OPG, would be exempt from federal and provincial corporate taxes and property taxes payable by private sector companies, and instead make payments in lieu of taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC)
  - PILs are used by the OEFC to help pay down its debt and other liabilities – OEFC is the legal continuation ~~the stranded debt~~ of the former Ontario Hydro
- In order to mitigate the cost to ratepayers, the ministry ~~Province~~ plans to bring forward a proposed Minister of Finance's regulation under the *Electricity Act* that would exempt the financing entity trust ~~corporation~~ from paying PILs
- The ministry ~~Province~~ will also consider similar regulations in the future should OPG establish another financing entity in its role as the Financing Entity

Next Steps:

- Draft letter from the Minister of Finance to OPG in development that will provide comfort that the financing entity will be exempt from PILs
- The Ministry of Finance is working with OPG on a draft regulation, which will be brought forward in the Fall

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide financing for the Financing Entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval through the PRRT process for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a monthly/quarterly basis, OPG will send a notice of share subscription to the ~~Province~~ Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds following receipt of a certificate from the Ministry of Energy, as required under s.11.4 of the Financial Administration Act

Next Steps:

- OPG is seeking its Board approval on September 29th for …
- The Province is working with appropriate parties internally to ensure a mechanism is in place to provide the equity injection to OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- Interest rates on the subordinated debt will be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying ~~Government of~~ Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

From:	John Kim
To:	Ken Kandeepan
Subject:	RE: OFHP Business Issues
Date:	Friday, September 15, 2017 1:41:06 PM

I spoke too soon. I will have suggested edits on the equity injections slide.

From: John Kim
Sent: Friday, September 15, 2017 1:24 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: OFHP Business Issues

Hi Ken,

I'm happy to consolidate comments from you and CMD, if any. At first glance, seems reasonably clear to me

Thanks,

John

From: Katona, Keley (MOF) [mailto:Keley.Katona@ontario.ca]
Sent: Friday, September 15, 2017 11:54 AM
To: McKinlay, Tom (ENERGY) <SOM1.Tom.McKinlay@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>
Cc: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>
Subject: OFHP Business Issues

Hi,

ENERGY's MO has requested a few high-level slides on some specific business issues that are outstanding related to the OFHP. We're hoping you can take a quick look at the attached and let us know if you have any comments by end of day today.

Thanks,
Keley

Keley Katona
Director | Investment and Governance Branch
Government Business Enterprise Division | Ministry of Finance
Work: 416-325-1539 | Cell: 416-727-5696
E-mail: keley.katona@ontario.ca
7th Floor, 375 University Ave, Toronto, ON

From: Ronald Kwan
To: John Kim
Cc: Gavin He
Subject: RE: OFHP Business Issues
Date: Wednesday, November 08, 2017 5:50:31 PM

Hi John,

That`s fine to get back at a staff level.

Presumably, slide 3 should replace the ''Protection Agreement'' wording too.

On slide 5, it refers to an estimated $20 bn, vs the less than $20 bn in the comms around the AG report. Is this an update, or should it be edited to conform?

Ron

From: John Kim
Sent: November-08-17 14:35
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Hi Ron,

Could we get back to Steen's group at staff level? We reflected comments from FTD and CMD as attached.

Thanks,

John

From: Cox, Hilary (ENERGY) [mailto:Hilary.Cox@ontario.ca]
Sent: Wednesday, November 08, 2017 1:05 PM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi John –
Please send your deck edits by end of day.

HC

From: Montgomery, Kaitlin (MOF)

Sent: November 2, 2017 12:49 PM
To: Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Business Issues

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>

Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing

needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: John Kim
Subject: RE: OFHP Business Issues
Date: Wednesday, November 08, 2017 2:20:52 PM
Attachments: 2017 10 30 OFHP Business Issues v04.pptx

Hi John,

Please find attached the updated deck with comments from Carlos.

Regards,
Gavin He

From: Carlos Yep
Sent: Wednesday, November 08, 2017 2:15 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Gavin,
re: slide #2, 4,5
-you may want to change the references of "Provincial Protection and Assurance Agreement" to the "Change of Law Protection Agreement"

re: slide#9
-is this correct: OPG and the Ministry of Energy have approved the Master Subscription Agreement

re:Slide#10
-need to add "and junior subordinated debt" after OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt "

-need to change by the end of "November" finalized by the end of September

regards
Carlos

From: Gavin He
Sent: Wednesday, November 08, 2017 1:23 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi Carlos/James,

Just want to follow up with you on below email and see if you have any comments/edits to the deck? If so, could you please send us the edits by 3:00 p.m. today?

Thanks,
Gavin He

From: John Kim
Sent: Monday, October 30, 2017 11:48 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Pls. take a look and send any suggested edits/comments.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, October 30, 2017 11:46 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)

Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

OFHP Business Issues

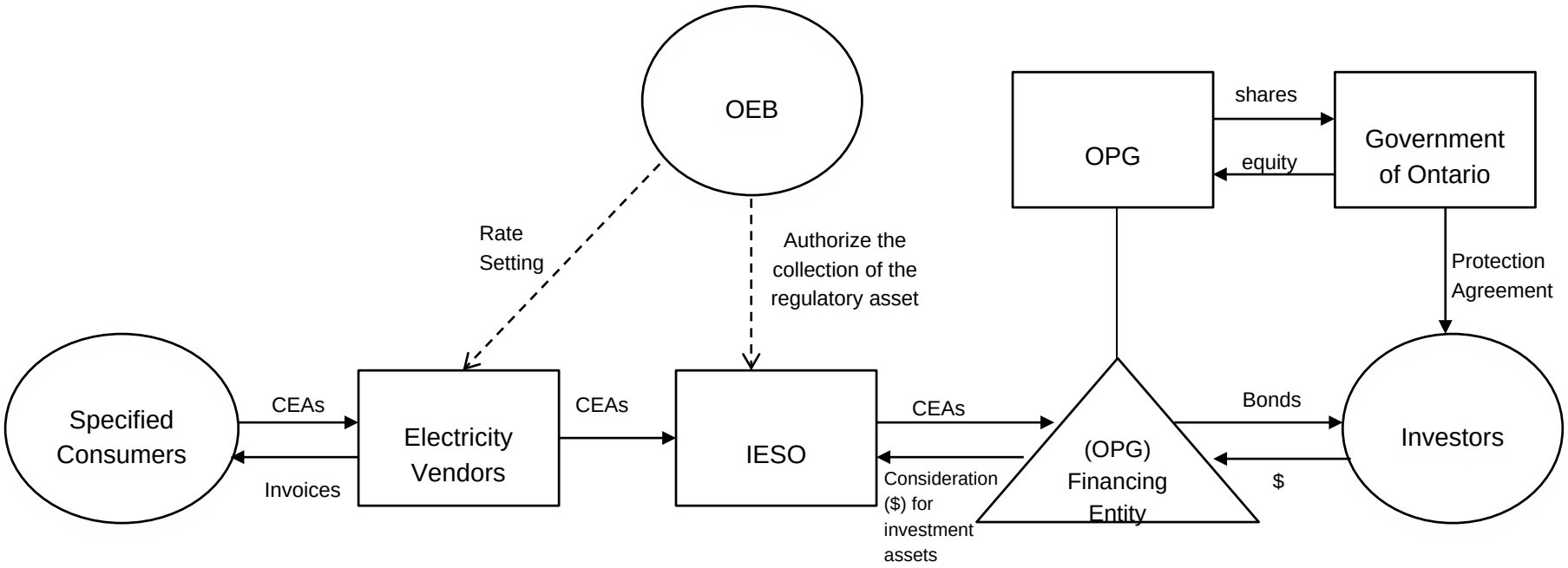
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - ~~Provincial Protection and Assurances Agreement (PPAA)~~ Change of Law Protection Agreement
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

~~Provincial Protection and Assurances Agreement~~Change of Law Protection Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

~~Provincial Protection and Assurances Agreement~~Change of Law Protection Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- Xx

CEFD Comment: Does the FAA include any interest on the deferred GA amount? Does the equity injection from the Province also covers those interest costs?

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- Xx

OFA Comment: Is the recovery limited to IESO's interest costs on the credit line or does it extend to the interest costs of the financing entity over the four years in question?

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt and junior subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of ~~September~~November [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From: Carlos Yep
To: Gavin He
Cc: John Kim
Subject: RE: OFHP Business Issues
Date: Wednesday, November 08, 2017 2:15:27 PM

Gavin,
re: slide #2, 4,5
-you may want to change the references of "Provincial Protection and Assurance Agreement" to the "Change of Law Protection Agreement"

re: slide#9
-is this correct: OPG and the Ministry of Energy have approved the Master Subscription Agreement

re:Slide#10
-need to add "and junior subordinated debt" after OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt "

-need to change by the end of "November" finalized by the end of September

regards
Carlos

From: Gavin He
Sent: Wednesday, November 08, 2017 1:23 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi Carlos/James,

Just want to follow up with you on below email and see if you have any comments/edits to the deck? If so, could you please send us the edits by 3:00 p.m. today?

Thanks,
Gavin He

From: John Kim
Sent: Monday, October 30, 2017 11:48 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gavin

He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Pls. take a look and send any suggested edits/comments.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, October 30, 2017 11:46 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

From: Gavin He
To: John Kim
Subject: RE: OFHP Business Issues
Date: Wednesday, November 08, 2017 2:06:39 PM
Attachments: 2017 10 30 OFHP Business Issues v03.pptx

Hi John,

I made one more comment on slide 9 to ask for a copy of the final approved Master Subscription Agreement.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, November 08, 2017 2:01 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Fyi.

From: Cox, Hilary (ENERGY) [mailto:Hilary.Cox@ontario.ca]
Sent: Wednesday, November 08, 2017 1:05 PM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi John –
Please send your deck edits by end of day.

HC

From: Montgomery, Kaitlin (MOF)
Sent: November 2, 2017 12:49 PM
To: Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Business Issues

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)

Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

OFHP Business Issues

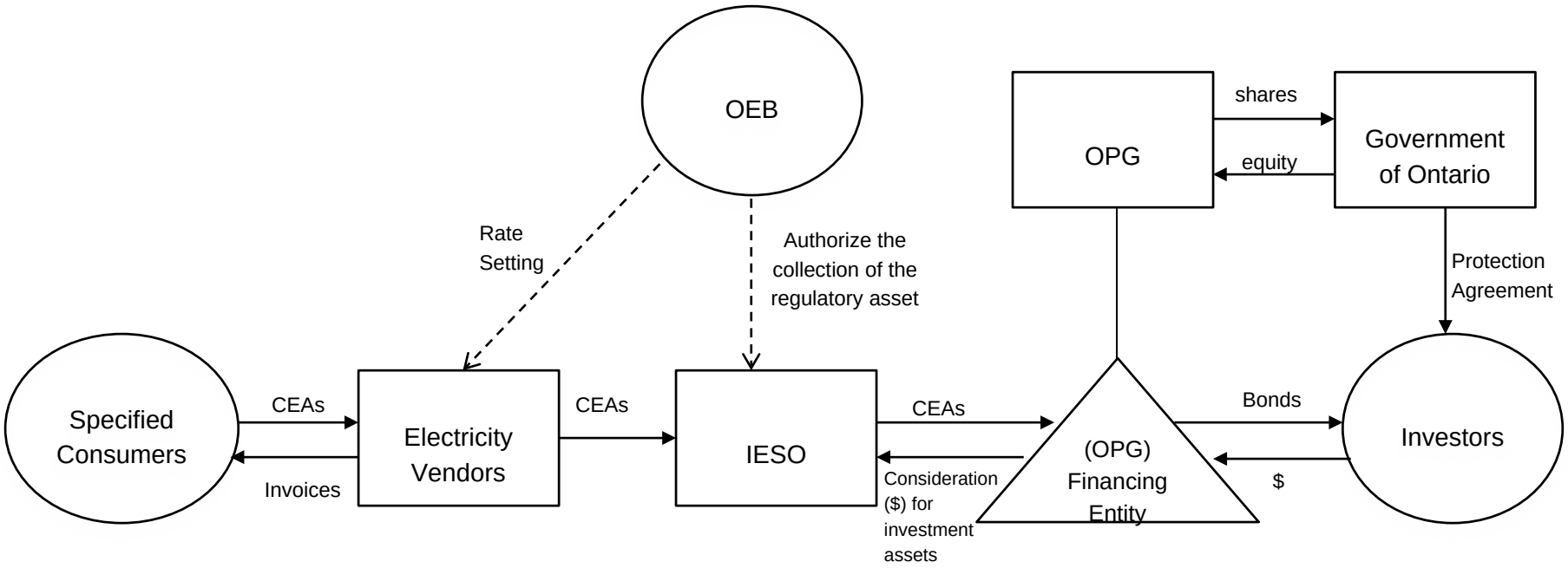
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- Xx

CEFD Comment: Does the FAA include any interest on the deferred GA amount? Does the equity injection from the Province also covers those interest costs?

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- Xx

OFA Comment: Is the recovery limited to IESO's interest costs on the credit line or does it extend to the interest costs of the financing entity over the four years in question?

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From:	Gavin He
To:	Carlos Yep; James Devine
Cc:	Mike Manning; John Kim
Subject:	RE: OFHP Business Issues
Date:	Wednesday, November 08, 2017 1:22:50 PM
Attachments:	2017 10 30 OFHP Business Issues v02.pptx

Hi Carlos/James,

Just want to follow up with you on below email and see if you have any comments/edits to the deck? If so, could you please send us the edits by 3:00 p.m. today?

Thanks,
Gavin He

From: John Kim
Sent: Monday, October 30, 2017 11:48 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
Cc: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP Business Issues

Pls. take a look and send any suggested edits/comments.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, October 30, 2017 11:46 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Robin Lewis (MOF) <Robin.Lewis@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

OFHP Business Issues

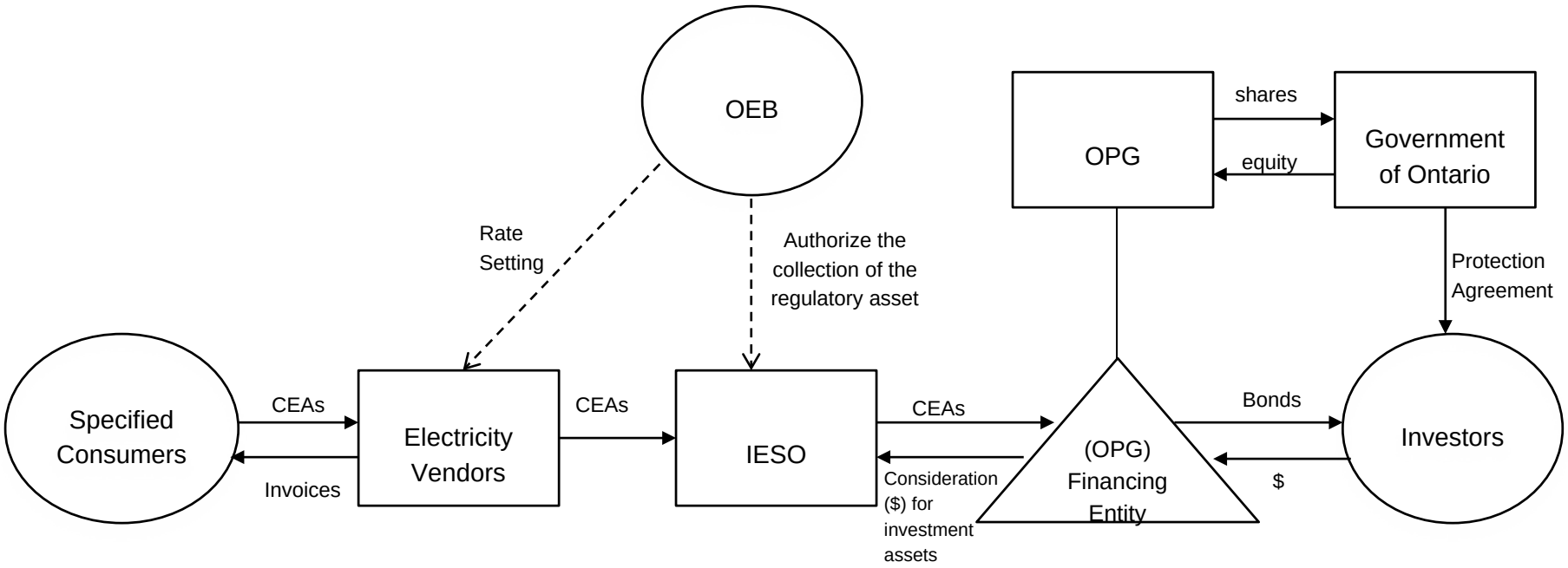
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - Provincial Protection and Assurances Agreement (PPAA)
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

Provincial Protection and Assurances Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

Provincial Protection and Assurances Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- xx

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of September [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From: Cox, Hilary (ENERGY)
To: Montgomery, Kaitlin (MOF); John Kim
Subject: RE: OFHP Business Issues
Date: Wednesday, November 08, 2017 1:04:51 PM

Hi John –
Please send your deck edits by end of day.

HC

From: Montgomery, Kaitlin (MOF)
Sent: November 2, 2017 12:49 PM
To: Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Business Issues

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Cc:	Hilary Cox (ENE)
Subject:	RE: OFHP Business Issues
Date:	Thursday, November 02, 2017 12:51:04 PM

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>

Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing

needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: Hilary Cox (ENE)
Cc: John Kim; "Montgomery, Kaitlin (MOF)"
Subject: RE: OFHP Business Issues
Date: Wednesday, November 08, 2017 6:10:52 PM
Attachments: 2017 10 30 OFHP Business Issues v06.pptx

Hi Hilary,

Please find attached the comments and edits at the staff level from CEFD and OFA. The edits are in red font, and there are some comments on several slides as well.

Please let us know if you have additional questions.

Thanks,
Gavin He

From: Cox, Hilary (ENERGY) [mailto:Hilary.Cox@ontario.ca]
Sent: Wednesday, November 08, 2017 1:05 PM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

Hi John –
Please send your deck edits by end of day.

HC

From: Montgomery, Kaitlin (MOF)
Sent: November 2, 2017 12:49 PM
To: Kim, John (OFA) <John.Kim@ofina.on.ca>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>
Subject: RE: OFHP Business Issues

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

OFHP Business Issues

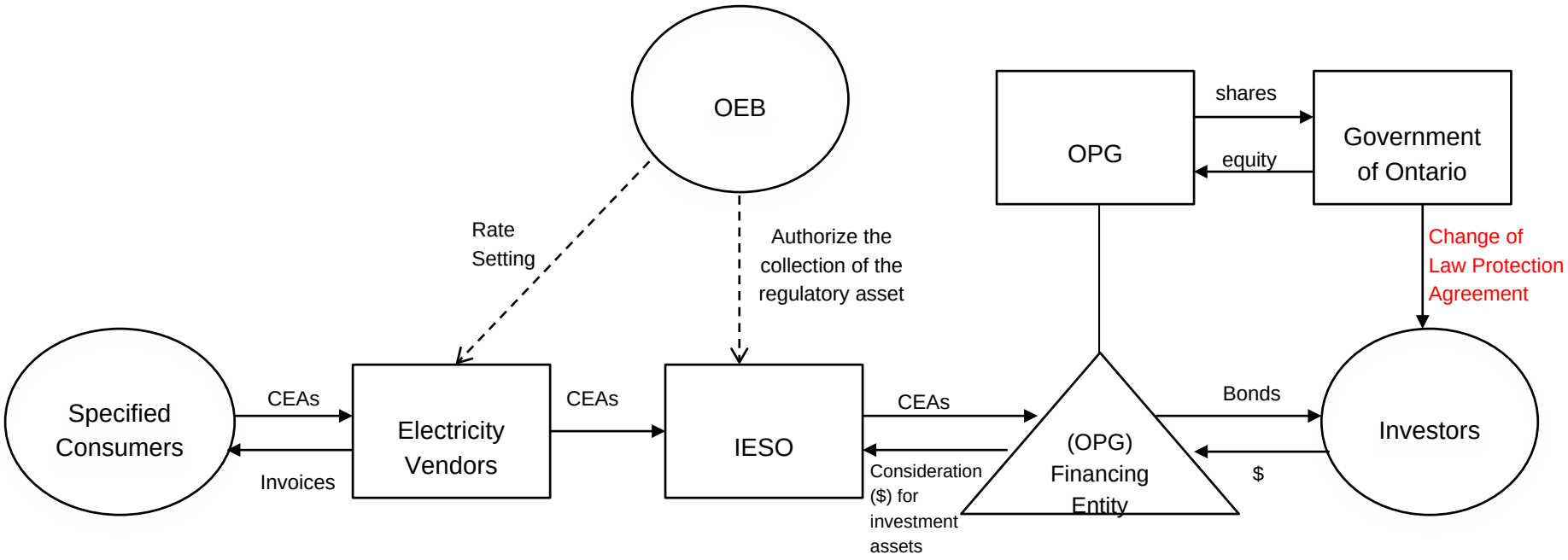
DRAFT – September 11, 2017

CONFIDENTIAL & COMMERCIALLY SENSITIVE

Context: GA Financing

- The *Ontario Fair Hydro Act, 2017,* enables the IESO to establish a variance account to record the deferral amounts from the difference between collections from current ratepayers and payment obligations to generators and conservation, and to create a regulatory asset as the Act provides the IESO the right to recover the balance in the variance account
  - The IESO can then sell the regulatory asset – the right to recover those deferred amounts from specified consumers in the future
  - OPG, as the Financial Services Manager, is authorized to establish one or more financing entities that may incur funding obligations
  - A financing entity purchasing the regulatory asset would effectively finance the IESO's shortfall in current rates not received from ratepayers
- In order to support the establishment of a financing entity, facilitate ongoing funding requirements of the Global Adjustment and optimize ratepayer impacts, OPG and the Province are working on finalizing the details for a number of business issues, including
  - ~~Provincial Protection and Assurances Agreement (PPAA)~~ Change of Law Protection Agreement
  - Fair Allocation Amount (FAA)
  - Management Fees Regulation
  - Moratorium Period Interest and Fee Recovery
  - Equity Injections
  - Subordinated Debt Agreement
  - PILs Exemption

Global Adjustment Refinancing – Roles and Responsibilities



Note: CEAs are “clean energy adjustments”

~~Provincial Protection and Assurances Agreement~~Change of Law Protection Agreement

Overview:

- To purchase the regulatory asset from the IESO, the Financing Entity must borrow a portion of the funds from capital markets (planned to be 51%, with other financing to come from OPG and, indirectly, the Province)
  - OPG's financial advisors have indicated that without adequate protection against legislative, judicial and organizational risk, the debt would not be financeable or would result in higher financing costs, to be passed on to ratepayers
- Upon receiving TB/MBC approval, and as contemplated under the Act, the Ministers of Energy and Finance have the authority to negotiate and enter into a protection agreement that supports the Financing Entity and prospective debt holders such that the Province would take over the funding obligations of the Financing Entity, under certain circumstances, including
  - Actions of the Legislative Assembly that undermine the financing arrangement; i.e., repeal or amendment of the Ontario Fair Hydro Plan Act, 2017, or new legislation that adversely affect the Financing Entity
  - A court decision that declares the rights of the Financing Entity to recover amounts from ratepayers to be invalid or unenforceable
  - Changes to the organization, structure or operations of IESO or a change in the electricity market structure or operations that adversely affects the ability of the Financing Entity to recover amounts related to funding obligations.

~~Provincial Protection and Assurances Agreement~~Change of Law Protection Agreement (Con't)

- In the event the protection agreement is triggered, the Province will be required to pay the obligations of the Financing Entity including principal and interest payments on debt issued to date, any payments to derivatives counterparties and any outstanding payments to service providers
  - The Province could potentially service the debt and other obligations and could replace OPG as the financial services manager
- The protection agreement may need to be revised at a future date, or approval from the Province may be required, if the financing entity must access the U.S. market as investors in that market will likely require additional compensation if the assumption agreement is triggered
- The Province will take on a contingent liability, which will increase over the duration of the Fair Hydro Plan and peak at an estimated $20B of debt (final cost forecasts TBC), including principal and accumulated interest
- In the event the protection agreement is triggered, the Province's net debt will most likely increase by an amount equal to the contingent liability at that point in time
  - The Province's interest payments will also increase by the debt interest servicing of the debt payment obligations it has assumed under the protection agreement
  - IOD expense may increase between $0.8B and $1.0B per annum, assuming the protection agreement is triggered when debt is at its peak, and depending on the interest rate at which the Financing entity will be able to borrow at

Next Steps:

- Province to work with OPG and external legal counsel to finalise the Protection Agreement

Fair Allocation Amount

Overview:

- xx

Next Steps:

- Xx

Management Fees Regulation

Overview:

- Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest.
- The Act enables OPG to achieve its objectives of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.
- The fee will have a fixed and variable component and be determined by formulas set out in a regulation, which as currently drafted includes:
    - **Base fee**: Monthly fee calculated as 7.5 basis points on monthly funding obligation. The base fee will be independently reviewed in 2018.
    - **Variable fee**: Annual fee of 5% of the difference difference between forecast and actual interest rates achieved for each of its funding tranches. The variable fee in any one year will be no more than 5 basis points of the net annual borrowing and can be no less than -5 basis of the net annual borrowing. If the variable fee is a negative amount, such amount will be deducted from the base fee in the following calendar year in twelve equal monthly payments
- The OEB will have a role in reviewing OPG's fees to ensure that the fees are consistent with prevailing market comparators

Next Steps:

- The Province is working with the OEB and OPG to develop a regulation setting out how the fees would be calculated including appropriate comparators for the OEBs review

Moratorium Period Interest and Fee Recovery

Overview:

- xx

Next Steps:

- Xx

FTD OFA Comment: Is the recovery limited to IESO's interest costs on the credit line or does it extend to the interest costs of the financing entity over the four years in question?

Equity Injections

Overview:

- To purchase the regulatory asset from the IESO, an OPG financing entity would be established and borrow funds from the following:
  - Capital markets (51%)
  - Subordinated OPG debt, financed through equity injections from the Province (44%) and OPG, financing from capital markets (5%)
- OPG will require equity injections on an ongoing basis in order to provide the 44% share of financing for the financing entity to acquire the regulatory asset from IESO and keep its capital structure in line, and will require flexibility in order to issue shares to the Province as needed, under a share subscription agreement
- The Ministry of Energy will be responsible for seeking approval for the investment envelope each year and managing the share subscription arrangement with OPG
  - On a periodic basis, OPG will send a notice of share subscription to the Ministry of Energy, requesting a certain amount of equity based on the amount of the regulatory asset it plans to purchase in a fiscal year; the Ontario Financing Authority will flow the funds

Next Steps:

- OPG and the Ministry of Energy have approved the Master Subscription Agreement and will proceed to execute in the coming weeks
- The Ministry of Energy will work with the OFA to ensure a mechanism is in place to flow the funds within the required timeframes after the request is made by OPG

Subordinated Debt Agreement

Overview:

- OPG intends to lend the equity injection from the Province to the Trust by way of subordinated debt and junior subordinated debt
- OPG proposes that OPG, the Fair Hydro Trust and the OFA will enter into a subordinated debt loan agreement, which outlines the terms of the subordinated debt [TBD]
- OPG has proposed that interest rates on the subordinated debt be established as follows:
  - During the Trust short term financing period, when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt [TBD]
  - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. [TBD]

Next Steps:

- OPG to incorporate the Province's comments into the next draft of the Subordinated Debt Agreement, which is tracking to be finalized by the end of ~~September~~November [TBD]

PILs Exemption

Overview:

- It is currently contemplated that the first financing entity to be established by OPG, in its capacity as Financial Services Manager, will be a trust (Trust).
- The Trust would be subject to tax under the *Income Tax Act* (Canada) and the Ontario *Taxation Act, 2007*.
- The beneficiary of the Trust will be a corporation (Subco) that will be directly or indirectly wholly-owned by OPG.
  - Subco, as a subsidiary of OPG, would be exempt from federal and provincial corporate taxes payable by private sector companies. Instead, Subco would be subject to tax under the payments in lieu of taxes (PILs) regime under the *Electricity Act, 1998 (EA),* and would pay PILs to the Ontario Electricity Financial Corporation (OEFC);
  - PILs are used by the OEFC to help pay down ~~its~~ debt and other liabilities – OEFC is the legal continuation of the former Ontario Hydro.
- In order to mitigate the cost to ratepayers, a recommendation will be made to the Minister of Finance ~~to~~ to make a regulation under the EA that would exempt Subco from PILs on income received by Subco as beneficiary of the Trust.
- Should OPG, as Financial Services Manager, establish other financing entities in the future for purposes of the OFHP, the Ministry of Finance will ~~also~~ consider making similar recommendations to the Minister of Finance.

Next Steps:

- Letter to OPG provide comfort that Subco will be exempt from PILs on income received as beneficiary of the Trust.
- The Ministry of Finance is working with OPG on a draft regulation, which is intended to be made by the Minister of Finance in the Fall of 2017.

From:	Shajee Kathirgamanathan
To:	John Kim
Subject:	RE: OPG Equity Injection - Closing April 20, 2018
Date:	Thursday, April 19, 2018 3:09:18 PM

No problem. It seems there's an LVTS reference number that they are requesting. Do we get that from Risa as well?

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: John Kim
Sent: Thursday, April 19, 2018 10:29 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018

Could you check with Risa and others that all is set to go on the equity injection?

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Thursday, April 19, 2018 10:10 AM
To: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi Gavin and John,

I just wanted to check-in to confirm that the transfer is good to go tomorrow morning.

Could you also send the LVTS reference number tomorrow morning as was done for the March injection?

Let me know if there are any issues.

Thanks,
Deni

From: Young, Graham (ENERGY)
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY); Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From: Gavin He
To: John Kim
Cc: Shajee Kathirgamanathan
Subject: RE: OPG Equity Injection - Closing April 20, 2018
Date: Tuesday, April 17, 2018 1:48:11 PM

Hi John,

I saved the documents under below folder and have updated the tracking sheet:

S:\Users\CEF\Hydro 2018\Fair Hydro Plan\Equity Injection\2018-04-16

Regards,
Gavin He

From: John Kim
Sent: Monday, April 16, 2018 2:04 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hi Gavin,

Could you get on this list?

Thanks,

John

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: April-16-18 2:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From:	John Kim
To:	Gavin He
Cc:	Shajee Kathirgamanathan
Subject:	RE: OPG Equity Injection - Closing April 20, 2018
Date:	Tuesday, April 17, 2018 11:44:43 AM

Yes, pls.

From: Gavin He
Sent: April-17-18 11:44 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

The first attachment, Share Subscription Form, is missing the second page which provides the calculation for equity injection. Do you want me to reach out to Energy on that?

Regards,
Gavin He

From: John Kim
Sent: Monday, April 16, 2018 2:04 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hi Gavin,

Could you get on this list?

Thanks,

John

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: April-16-18 2:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Jose Yee

(MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From: Gavin He
To: John Kim
Cc: Shajee Kathirgamanathan
Subject: RE: OPG Equity Injection - Closing April 20, 2018
Date: Tuesday, April 17, 2018 11:44:16 AM

Hi John,

The first attachment, Share Subscription Form, is missing the second page which provides the calculation for equity injection. Do you want me to reach out to Energy on that?

Regards,
Gavin He

From: John Kim
Sent: Monday, April 16, 2018 2:04 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hi Gavin,

Could you get on this list?

Thanks,

John

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: April-16-18 2:02 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From: Ogunrinde, Deni (ENERGY)
To: Gavin He; John Kim
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Graham Young (MOI)
Subject: RE: OPG Equity Injection - Closing April 20, 2018
Date: Thursday, April 19, 2018 10:09:37 AM

Hi Gavin and John,

I just wanted to check-in to confirm that the transfer is good to go tomorrow morning.

Could you also send the LVTS reference number tomorrow morning as was done for the March injection?

Let me know if there are any issues.

Thanks,
Deni

From: Young, Graham (ENERGY)
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY); Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From: John Kim
To: Gavin He
Subject: RE: OPG Equity Injection - Closing April 20, 2018
Date: Tuesday, April 17, 2018 2:00:39 PM

Tell him you're the key coordinator

From: Gavin He
Sent: April-17-18 2:00 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

Sure, I will ask them.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:59 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Yup

From: Gavin He
Sent: April-17-18 1:59 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

You mean adding me to the distribution list?

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:58 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

I'd ask him to put on the usual list.

From: Gavin He
Sent: April-17-18 1:58 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

Yes, Graham sent it to me separately.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018

Did you get this?

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From:	Gavin He
To:	John Kim
Subject:	RE: OPG Equity Injection - Closing April 20, 2018
Date:	Tuesday, April 17, 2018 2:00:22 PM

Hi John,

Sure, I will ask them.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:59 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Yup

From: Gavin He
Sent: April-17-18 1:59 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

You mean adding me to the distribution list?

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:58 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

I'd ask him to put on the usual list.

From: Gavin He
Sent: April-17-18 1:58 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

Yes, Graham sent it to me separately.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018

Did you get this?

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)

Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From:	John Kim
To:	Gavin He
Subject:	RE: OPG Equity Injection - Closing April 20, 2018
Date:	Tuesday, April 17, 2018 1:59:17 PM

Yup

From: Gavin He
Sent: April-17-18 1:59 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

You mean adding me to the distribution list?

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:58 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

I'd ask him to put on the usual list.

From: Gavin He
Sent: April-17-18 1:58 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

Yes, Graham sent it to me separately.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018

Did you get this?

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From: Gavin He
To: John Kim
Subject: RE: OPG Equity Injection - Closing April 20, 2018
Date: Tuesday, April 17, 2018 1:59:06 PM

Hi John,

You mean adding me to the distribution list?

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:58 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

I'd ask him to put on the usual list.

From: Gavin He
Sent: April-17-18 1:58 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

Yes, Graham sent it to me separately.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018

Did you get this?

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP

<CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch

Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From: John Kim
To: Gavin He
Subject: RE: OPG Equity Injection - Closing April 20, 2018
Date: Tuesday, April 17, 2018 1:58:16 PM

I'd ask him to put on the usual list.

From: Gavin He
Sent: April-17-18 1:58 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi John,

Yes, Graham sent it to me separately.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018

Did you get this?

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From: Gavin He
To: John Kim
Subject: RE: OPG Equity Injection - Closing April 20, 2018
Date: Tuesday, April 17, 2018 1:57:54 PM

Hi John,

Yes, Graham sent it to me separately.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, April 17, 2018 1:55 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection - Closing April 20, 2018

Did you get this?

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Jose Yee (MEDTE/MRI) <Jose.Yee@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM

To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From:	Young, Graham (ENERGY)
To:	Ogunrinde, Deni (ENERGY); Ken Kandeepan; John Kim; John Psinas; SETTLEMENT; CASHP
Cc:	Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Jose Yee (MEDTE/MRI); Asokan Sadasivan (MEDTE/MRI); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject:	RE: OPG Equity Injection - Closing April 20, 2018
Date:	Tuesday, April 17, 2018 1:54:11 PM
Attachments:	2018-04-20- Calculation of Equity Injection.pdf

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy

Deni.Ogunrinde@Ontario.ca | 416-212-3309

Attachment A to Exhibit B of Master Share Subscription Agreement

Calculation of Equity Injection for
Investment Asset Purchase in April 2018
representing the accumulated balance for March, 2018 ("Period")

(A)	Purchase Price per Transfer Notice from IESO	149,000,000.00
(B)	Percentage Funded by Equity	44.0%
(C)	Total Equity Required for Period (AxB)	65,560,000.00
(D)	Class A share purchase price[1]	43.74
(E)	Number of Class A shares to be issued (C/D)	1,498,856.0

1. Based on December 31, 2017 financial statements

From:	Gavin He
To:	"Ogunrinde, Deni (ENERGY)"
Cc:	Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Graham Young (MOI); John Kim
Subject:	RE: OPG Equity Injection - Closing April 20, 2018
Date:	Thursday, April 19, 2018 3:58:41 PM

Hi Deni,

Yes, the transfer is good to go tomorrow morning. I will provide you the LVTS reference number once the payment is released from our bank.

Regards,
Gavin He

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Thursday, April 19, 2018 10:10 AM
To: Gavin He <Gavin.He@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hi Gavin and John,

I just wanted to check-in to confirm that the transfer is good to go tomorrow morning.

Could you also send the LVTS reference number tomorrow morning as was done for the March injection?

Let me know if there are any issues.

Thanks,
Deni

From: Young, Graham (ENERGY)
Sent: April-17-18 1:54 PM
To: Ogunrinde, Deni (ENERGY); Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: RE: OPG Equity Injection - Closing April 20, 2018

Hello,

Attached is OPG's calculation for the equity injection.

Moving forward, we'll include it with the Share Subscription Form like the first two

purchases in December & March.

Thank you,
Graham

From: Ogunrinde, Deni (ENERGY)
Sent: April-16-18 2:02 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); john.psinas@ofina.on.ca; settlement@ofina.on.ca; cashP@ofina.on.ca
Cc: Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY); Yee, Jose (MEDG/MRIS); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - Closing April 20, 2018
Importance: High

Hello Everyone,

OPG made a formal request to the Ministry of Energy on April 12th for the third equity injection closing on April 20th. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you,

Deni Ogunrinde
Policy Advisor
Strategic Policy and Analytics Branch
Ministry of Energy
Deni.Ogunrinde@Ontario.ca | 416-212-3309

From: Gavin He
To: John Kim
Cc: Shajee Kathirgamanathan
Subject: RE: OPG Equity Injection - closing date March 22
Date: Tuesday, March 20, 2018 1:25:40 PM

Hi John,

The Settlements team just confirmed with CIBC that they would start releasing payments at 7:30 a.m. They has asked them to release the payment as early as possible and will send us the LVTS number once they received it from CIBC on March 22. However, they have noted that we can't assure OPG what time their bank, Scotiabank, will credit their account.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, March 20, 2018 9:22 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: OPG Equity Injection - closing date March 22

Hi Gavin,

Not sure if Ken is around….could you check with Settlements?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, March 20, 2018 9:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Ken, John,

OPG is asking if they can have the funds ready for 8 am on the 22nd?
Is that doable on your end?

Thanks,
Shruti

From: Talwar, Shruti (ENERGY)
Sent: March 16, 2018 12:21 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; 'settlement@ofina.on.ca'; CASHP

Cc: Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sud, Manu (ENERGY); Gounden, Pratima (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: John Kim
To: "Talwar, Shruti (ENERGY)"
Cc: Ken Kandeepan
Subject: RE: OPG Equity Injection - closing date March 22
Date: Tuesday, March 20, 2018 10:41:02 AM

Hi Shruti,

I will get back to you. I think Ken might be away so I am checking with his staff.

Thanks,

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, March 20, 2018 9:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Ken, John,

OPG is asking if they can have the funds ready for 8 am on the 22nd?
Is that doable on your end?

Thanks,
Shruti

From: Talwar, Shruti (ENERGY)
Sent: March 16, 2018 12:21 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; 'settlement@ofina.on.ca'; CASHP
Cc: Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sud, Manu (ENERGY); Gounden, Pratima (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Talwar, Shruti (ENERGY)
To: Ken Kandeepan; John Kim
Subject: RE: OPG Equity Injection - closing date March 22
Date: Tuesday, March 20, 2018 9:21:17 AM

Hi Ken, John,

OPG is asking if they can have the funds ready for 8 am on the 22nd?
Is that doable on your end?

Thanks,
Shruti

From: Talwar, Shruti (ENERGY)
Sent: March 16, 2018 12:21 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; 'settlement@ofina.on.ca'; CASHP
Cc: Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sud, Manu (ENERGY); Gounden, Pratima (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Talwar, Shruti (ENERGY)
To: John Kim
Subject: RE: OPG Equity Injection - closing date March 22
Date: Monday, March 19, 2018 11:59:22 AM

Nice – thanks!

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: March 19, 2018 11:55 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: OPG Equity Injection - closing date March 22

I think you're fine. I have my guys checking again but it's all queued up to go, I understand.

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Monday, March 19, 2018 11:51 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Yeah. I think you have all the signed docs from us. Just wanted to make sure you need nothing further from us.

As mentioned Carolyn is away tomorrow, and only returning on the 23.
Shruti

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: March 19, 2018 11:50 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: OPG Equity Injection - closing date March 22

Checked with internal areas. My information is that the payment is to be made on the 22nd.

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, March 16, 2018 12:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY)

<Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	"Talwar, Shruti (ENERGY)"
Subject:	RE: OPG Equity Injection - closing date March 22
Date:	Monday, March 19, 2018 11:55:08 AM

I think you're fine. I have my guys checking again but it's all queued up to go, I understand.

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Monday, March 19, 2018 11:51 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Yeah. I think you have all the signed docs from us. Just wanted to make sure you need nothing further from us.

As mentioned Carolyn is away tomorrow, and only returning on the 23.
Shruti

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: March 19, 2018 11:50 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: OPG Equity Injection - closing date March 22

Checked with internal areas. My information is that the payment is to be made on the 22nd.

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, March 16, 2018 12:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Talwar, Shruti (ENERGY)
To: John Kim
Subject: RE: OPG Equity Injection - closing date March 22
Date: Monday, March 19, 2018 11:51:35 AM

Yeah. I think you have all the signed docs from us. Just wanted to make sure you need nothing further from us.

As mentioned Carolyn is away tomorrow, and only returning on the 23.
Shruti

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: March 19, 2018 11:50 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: OPG Equity Injection - closing date March 22

Checked with internal areas. My information is that the payment is to be made on the 22nd.

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, March 16, 2018 12:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: "Talwar, Shruti (ENERGY)"
Subject: RE: OPG Equity Injection - closing date March 22
Date: Monday, March 19, 2018 11:49:56 AM

Checked with internal areas. My information is that the payment is to be made on the 22nd.

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, March 16, 2018 12:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	John Kim
To:	Gavin He
Cc:	Shajee Kathirgamanathan
Subject:	RE: OPG Equity Injection - closing date March 22
Date:	Monday, March 19, 2018 11:48:50 AM

Ok, thanks...so all queued up then, with all approvals in place.

John

From: Gavin He
Sent: Monday, March 19, 2018 11:48 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: OPG Equity Injection - closing date March 22

Hi John,

Settlements confirmed that they will make the payment on March 22nd as requested.

Regards,
Gavin He

From: Risa Thau
Sent: Monday, March 19, 2018 11:42 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Gavin,

We will make the payment on March 22, 2018 as per the authorization letter.

Thanks,

Risa Thau
Email Address: risa.thau@ofina.on.ca
Telephone number: 416-325-6879

From: Gavin He
Sent: Monday, March 19, 2018 11:38 AM
To: Salvatore Alfano <Salvatore.Alfano@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Subject: FW: OPG Equity Injection - closing date March 22

Hi Salvatore/Risa,

I believe you have received the attached equity injection request from ENERGY last Friday. Just want to check in with you to see if you have any concerns closing this transaction before March 22?

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, March 16, 2018 12:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He
To: John Kim
Cc: Shajee Kathirgamanathan
Subject: RE: OPG Equity Injection - closing date March 22
Date: Monday, March 19, 2018 11:35:09 AM

Hi John,

Sure, I will check in with the Settlements team to see if they have any issues.

Regards,
Gavin He

From: John Kim
Sent: Monday, March 19, 2018 11:33 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection - closing date March 22

Hi,

Could you touch base with all the areas affected on our end….that all is in order for this?

Energy's ADM will be off as of today so if any signing is to be done, including any changes, it has to be done today.

Thanks,

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, March 16, 2018 12:21 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; SETTLEMENT <SETTLEMENT@ofina.on.ca>; CASHP <CASHP@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: John Kim
To: "Talwar, Shruti (ENERGY)"
Cc: Ken Kandeepan
Subject: RE: OPG Equity Injection - closing date March 22
Date: Tuesday, March 20, 2018 1:45:56 PM

Hi Shruti,

I am told that our processing will be done first thing. But that it is not possible for us to know when OPG's bank would do their stuff and credit the bank.

So I think the response is – we will do our best but no guarantees.

Hope that helps.

John

From: John Kim
Sent: Tuesday, March 20, 2018 10:41 AM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Shruti,

I will get back to you. I think Ken might be away so I am checking with his staff.

Thanks,

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, March 20, 2018 9:21 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OPG Equity Injection - closing date March 22

Hi Ken, John,

OPG is asking if they can have the funds ready for 8 am on the 22nd?
Is that doable on your end?

Thanks,
Shruti

From: Talwar, Shruti (ENERGY)

Sent: March 16, 2018 12:21 PM
To: Kandeepan, Ken (OFA); Kim, John (OFA); John Psinas; 'settlement@ofina.on.ca'; CASHP
Cc: Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sud, Manu (ENERGY); Gounden, Pratima (ENERGY); Sadasivan, Asokan (MEDG/MRIS); Sawwaf, Khareem (ENERGY); Thouin, Alena (ENERGY); Yordi, Samer (ENERGY)
Subject: OPG Equity Injection - closing date March 22

Hello all,

OPG made a formal request to the Ministry of Energy on March 14 for the second equity injection. As per our MOU with the OFA, attached are the following signed documents:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG. Please let me know by today if there are any questions or issues.

Thank you
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	John Kim
To:	Shajee Kathirgamanathan; Gavin He
Subject:	RE: OPG Equity Injection Interest
Date:	Tuesday, May 01, 2018 11:08:37 AM

Monday should be fine.

From: Shajee Kathirgamanathan
Sent: Tuesday, May 01, 2018 11:08 AM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection Interest

Just followed up with Risk…

Alex is on vacation til Monday. If this can wait, they suggest chatting then. They too want to get an idea of whether to classify the equity injections as new borrowings or from the liquid reserves and how to calculate. They'll want to chat with Alex before moving forward on that.

If the only hold up is just the actual calculation from Alex's team, I'll can start developing a briefing note on what we're proposing, and why and leave the interest cost amounts as placeholders for the time being.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Shajee Kathirgamanathan
Sent: Monday, April 30, 2018 1:39 PM
To: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Chi-Wa Che <Chi-Wa.Che@ofina.on.ca>; Christina Zhang <Christina.Zhang@ofina.on.ca>; Sarah Wu <Sarah.Wu@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: OPG Equity Injection Interest

Hi Alex and team,

Hope you all are well.

You might be aware, as part of the Fair Hydro Plan the Province (via the OFA) provides an equity injection into OPG in return for OPG shares.

Since December 2017 when the equity injection began, the province has invested approximately $787M in equity into OPG. We're trying to develop an accurate picture of the interest costs of these

equity injections thus far. I know we've dealt with your area before on projecting interest costs regarding FHP, but would you have information on what the exact costs have been due for the equity injections.

Happy to discuss this further or be redirected elsewhere if there's another area that would be more appropriate to talk to.

Thanks,
Shajee

Shajee Kathirgamanathan
Senior Advisor
Electricity Finance Branch, Corporate and Electricity Finance Division
Ontario Financing Authority
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From:	John Kim
To:	Shajee Kathirgamanathan
Cc:	Gavin He
Subject:	RE: OPG Equity Injection Interest
Date:	Wednesday, May 09, 2018 3:30:43 PM

Could we talk around 4?

From: Shajee Kathirgamanathan
Sent: Wednesday, May 09, 2018 1:38 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection Interest

FYI John, on the interest cost calculations (re: ESDI) for the equity injection.

Risk is working on it, it seems. If I don't hear further from them by the end of the week I can follow up further. (let me know if this is ok, otherwise I can follow up more frequently).

Not sure if we already shared our draft note for this proposal/policy. We left a placeholder for the information from Risk. Attached and found here:
S:\Users\CEF\Hydro 2018\OEFC\ESDI\Revision - OPG Equity Injection

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Alexander Kraas
Sent: Wednesday, May 09, 2018 11:01 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; IOD_RPA <IOD_RPA@ofina.on.ca>
Subject: RE: OPG Equity Injection Interest

Thank you for the reminder, Shajee;

We are working on it.

BTW & as before, please address all IOD-related e-mails to the Outlook group "IOD_RPA" to ensure that your requests automatically reach the right person.

Best regards

Alex

From: Shajee Kathirgamanathan
Sent: Wednesday, May 09, 2018 10:17 AM
To: Alexander Kraas <Alexander.Kraas@ofina.on.ca>
Cc: Christina Zhang <Christina.Zhang@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OPG Equity Injection Interest

Hi Alex,

Hope you're well. Just a friendly follow up on this request from last week…

We have details on the equity injections that have occurred and amounts, but we're looking to have an accurate idea of the interest costs (from the Province's perspective) for the OPG equity injections that have occurred.

Would your area be able to help us with this, or is there another area that would be more appropriate to talk to.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Shajee Kathirgamanathan
Sent: Monday, April 30, 2018 1:39 PM
To: IOD_RPA <IOD_RPA@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: OPG Equity Injection Interest

Hi Alex and team,

Hope you all are well.

You might be aware, as part of the Fair Hydro Plan the Province (via the OFA) provides an equity injection into OPG in return for OPG shares.

Since December 2017 when the equity injection began, the province has invested approximately $787M in equity into OPG. We're trying to develop an accurate picture of the interest costs of these equity injections thus far. I know we've dealt with your area before on projecting interest costs regarding FHP, but would you have information on what the exact costs have been due for the equity injections.

Happy to discuss this further or be redirected elsewhere if there's another area that would be more

appropriate to talk to.

Thanks,
Shajee

Shajee Kathirgamanathan
Senior Advisor
Electricity Finance Branch, Corporate and Electricity Finance Division
Ontario Financing Authority
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Lim, Ryan (ENERGY)
To: Shajee Kathirgamanathan
Cc: Zheng, Sean (ENERGY); Bruno Amara; John Kim; Gavin He
Subject: RE: OREC - Updated OFA Contacts
Date: Wednesday, April 19, 2017 4:10:02 PM

Hi Shajee,

Thank you very much, should I include them in the settlement statement emails as well?

Regards,

Ryan Lim
Financial Analyst
56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Blackberry: 416-561-9361

CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity

Ministry of Economic Development & Growth
Ministry of Energy
Ministry of Infrastructure
Ministry of Research, Innovation & Science

From: Shajee Kathirgamanathan [mailto:Shajee.Kathirgamanathan@ofina.on.ca]
Sent: April 19, 2017 12:13 PM
To: Lim, Ryan (ENERGY)
Cc: Zheng, Sean (ENERGY); Bruno Amara; Kim, John (OFA); He, Gavin (OFA)
Subject: RE: OREC - Updated OFA Contacts

Hi Ryan,

Thanks, feel free to remove Sandy's name, and would you be able to send Bruno, John and Gavin (CC'ed) the OREC monthly invoice emails as well.

With respect to Josephine Lam, she was in another area at the OFA, (Financial Treasury Division). I noticed you had CC'ed George Sakura and Ken Kandeepan from FTD. They might be in the best position to advise if someone else should be CC'ed in Josephine's place.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Lim, Ryan (ENERGY) [mailto:Ryan.Lim@ontario.ca]
Sent: Wednesday, April 19, 2017 11:49 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Zheng, Sean (ENERGY) <Sean.Zheng@ontario.ca>
Subject: OREC - Updated OFA Contacts

Hi Shajee,

I noticed that Sandy Roberts and Josephine Lam's emails were no longer valid and wanted to confirm if there are other OFA contacts to be included on the monthly OREC emails, regarding the settlement statements and invoices. Kindly advise.

Regards,

Ryan Lim
Financial Analyst
56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Blackberry: 416-561-9361
CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity
Ministry of Economic Development & Growth
Ministry of Energy
Ministry of Infrastructure
Ministry of Research, Innovation & Science

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Shajee Kathirgamanathan
To:	"Lim, Ryan (ENERGY)"
Cc:	Zheng, Sean (ENERGY); Bruno Amara; John Kim; Gavin He
Subject:	RE: OREC - Updated OFA Contacts
Date:	Wednesday, April 19, 2017 4:20:52 PM
Importance:	Low

Yes, please cc John, Bruno and Gavin in all the OREC, OCEB invoices/settlement emails as well.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Lim, Ryan (ENERGY) [mailto:Ryan.Lim@ontario.ca]
Sent: Wednesday, April 19, 2017 4:10 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Zheng, Sean (ENERGY) <Sean.Zheng@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OREC - Updated OFA Contacts

Hi Shajee,

Thank you very much, should I include them in the settlement statement emails as well?

Regards,

Ryan Lim
Financial Analyst
56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Blackberry: 416-561-9361
CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity
Ministry of Economic Development & Growth
Ministry of Energy
Ministry of Infrastructure
Ministry of Research, Innovation & Science

From: Shajee Kathirgamanathan [mailto:Shajee.Kathirgamanathan@ofina.on.ca]
Sent: April 19, 2017 12:13 PM
To: Lim, Ryan (ENERGY)

Cc: Zheng, Sean (ENERGY); Bruno Amara; Kim, John (OFA); He, Gavin (OFA)
Subject: RE: OREC - Updated OFA Contacts

Hi Ryan,

Thanks, feel free to remove Sandy's name, and would you be able to send Bruno, John and Gavin (CC'ed) the OREC monthly invoice emails as well.

With respect to Josephine Lam, she was in another area at the OFA, (Financial Treasury Division). I noticed you had CC'ed George Sakura and Ken Kandeepan from FTD. They might be in the best position to advise if someone else should be CC'ed in Josephine's place.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Lim, Ryan (ENERGY) [mailto:Ryan.Lim@ontario.ca]
Sent: Wednesday, April 19, 2017 11:49 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Zheng, Sean (ENERGY) <Sean.Zheng@ontario.ca>
Subject: OREC - Updated OFA Contacts

Hi Shajee,

I noticed that Sandy Roberts and Josephine Lam's emails were no longer valid and wanted to confirm if there are other OFA contacts to be included on the monthly OREC emails, regarding the settlement statements and invoices. Kindly advise.

Regards,

Ryan Lim
Financial Analyst
56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Blackberry: 416-561-9361
CSD Corporate Services Division
Expertise | Collaboration | Respect | Service Excellence | Integrity
Ministry of Economic Development & Growth
Ministry of Energy
Ministry of Infrastructure
Ministry of Research, Innovation & Science

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: Ronald Kwan
Cc: John Kim
Subject: RE: OREC MOU
Date: Monday, March 13, 2017 3:30:45 PM
Attachments: OREC MOU - OFA.PDF
MOU - MoE OFA- DAP Nov 25 - track changes to final version signed.docx

---

Hi Ron,

The Ministry of Energy has signed off on the OREC MOU between OFA and the Ministry of Energy. Attached is a scanned copy of their signatures.

The final version of the MOU is consistent with our proposed version (please see the second attachment) reviewed by Legal. I have tracked the changes for your convenience as well. The changes are not material.

I will bring you a hard copy for sign-off as well.

Thanks,
Gavin He

-----Original Message-----
From: Ronald Kwan
Sent: Wednesday, March 08, 2017 3:00 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OREC MOU

Hi John,

Any update on this? And is the portal being populated? Do we have access and downloading the information?

Thanks,
Ron

-----Original Message-----
From: Ronald Kwan
Sent: February-08-17 11:10
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: OREC MOU

Hi,

Does that mean FTD is not providing the services contemplated in the MOU?

Ron

> On Feb 8, 2017, at 11:01 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> We're checking. Michael's staff didn't respond to our earlier calls on the MOU.
>
> -----Original Message-----
> From: Ronald Kwan
> Sent: Wednesday, February 08, 2017 11:00 AM
> To: John Kim <John.Kim@ofina.on.ca>
> Cc: Gavin He <Gavin.He@ofina.on.ca>
> Subject: Re: OREC MOU
>
> And is there an OREC portal up and running?
>
> Thanks,
> Ron
>
>> On Feb 8, 2017, at 10:38 AM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>>
>> Hi John,
>>
>> What's the status of the OREC MOU?
>>
>> Thanks,
>> Ron

Memorandum of Understanding
Relating to the
Ontario Rebate for Electricity Consumers

Dated: **January 1, 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy ("**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. Pursuant to the *Ontario Rebate for Electricity Consumers Act, 2016* and the regulations thereunder (the "Act"), certain consumers will be entitled to receive financial assistance (the "Ontario Rebate for Electricity Consumers" or "OREC") in respect of the cost of electricity consumed by them commencing January 1, 2017;

2. Reimbursement for OREC provided to consumers and persons receiving invoices from unit sub-meter providers ("Reimbursement") will flow to specified electricity distributors, retailers and unit sub-metering providers ("Payment Recipients") through the Independent Electricity System Operator ("IESO") in accordance with the Act;

3. Under the Act, the Ministry will be required to pay amounts to the IESO on account of the OREC Reimbursement (the "Payments") out of amounts appropriated by the Legislature for that purpose ("Appropriated Amount");

4. The Ministry considers it advisable for the OFA to make the Payments on behalf of the Ministry and the OFA has agreed to make the Payments on behalf of the Ministry;

5. The Ministry and the OFA have also agreed to work together on OREC cost forecasting;

6. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") pursuant to clause 7 (3)(f) of the *Ministry of Energy Act* and subsection 30 (1) of the *Capital Investment Plan Act, 1993* to confirm their agreement regarding the terms on which the OFA will make the Payments and on which the Ministry and the OFA will work together on OREC cost forecasting.

Therefore:

The Ministry and the OFA agree as follows:

1. Payment Authorization

(i) The Ministry authorizes the OFA to make the Payments on behalf of the Ministry and the OFA agrees to make the Payments on behalf of the Ministry.

(ii) The Ministy shall ensure that the certificate under section 11.4 of the *Financial Administration Act* required for each of the Payments is obtained.

(iii) It is agreed by the Ministry and the OFA that the OFA is acting as agent, on behalf of the Ministry, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Act, and

ii. Making the required Payments on behalf of the Ministry as further described in this MOU.

2. Payment Process

a) The Ministry has an account with the IESO under which the IESO will issue invoices to the Ministry for the Payments. The IESO will provide the Ministry with access to these invoices by giving the Ministry access to a secure IESO portal containing these invoices ("IESO Portal").

b) The Ministry will take all necessary steps to provide the OFA with access to the IESO Portal so that the OFA will have access to each IESO invoice to the Ministry, at the same time the IESO issues the invoice to the Ministry.

c) The OFA will make the Payments on behalf of the Ministry, in the amount of the IESO invoices.

d) The Payments will be made in accordance with the IESO Market Rules and IESO Manuals for settlements and billing of market participants, as amended from time to time.

e) The Payments will be made from the Consolidated Revenue Fund and the amount of each Payment will be entered by the OFA into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Payment in the amount of the IESO invoice.

b) The OFA will keep and maintain all records related to the OREC for a period of seven (7) years, and will provide the Ministry with electronic copies (or paper copies, if requested by the Ministry) of such of those records as the Ministry may request from time to time.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Payments will be performed by the Ministry.

4. OREC Cost Forecasting

a) The Ministry and the OFA will work together to prepare and review cost forecasts, estimates, and analysis related to the OREC.

b) The Ministry will provide to the OFA all IESO invoices and settlement statements relating to the OREC, and any reports by OREC Payment Recipients to the IESO, that are received by the Ministry. This includes providing electronic portal access to data and reports by OREC transfer payment recipients expected to be provided through an electronic portal reporting process.

c) The OFA and the Ministry will collaborate to prepare fiscal year cost estimates and monthly cashflow estimates for OREC.

d) The OFA and the Ministry will ensure senior management in their respective organizations are briefed and updated on the OREC forecasting on a regular basis to ensure there is mutual understanding and agreement on the forecasts.

e) The Ministry and the OFA acknowledge and agree that the actual costs of OREC may not be the same as the forecasted costs, and the OFA bears no liability for any differences between the forecast and actual costs of OREC, nor does the OFA have any responsibility for any application to Treasury Board for the appropriated amount or for a change in the appropriated amount for OREC.

5. Limited Role of the OFA

The OFA will only be responsible for making the Payments in accordance with section 2 and assisting in OREC cost forecasting in accordance with section 4. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the IESO invoices, monitoring the IESO's application of the Payments, monitoring the balance from time to time of the Appropriated Amount, or ensuring the Appropriated Amount is sufficient.

6. Review and Termination

a) The Ministry and the OFA will review this MOU annually.

b) This MOU may be terminated by either party at any time, on 90 days notice.

c) Upon termination of this MOU, the OFA will cease to make any Payments.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

7. No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

8. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact person is:

John Kim
Tel: (416) 212-6996
email: john.kim@ofina.on.ca

c) As of the date of this MOU the Ministry's contact person is:

Robert Burns, Chief Administrative Officer & Assitant Deputy Minister, Corporate Services Division

Tel: 416-327-3682
email: robert.burns@ontario.ca

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 9.

9. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Toronto, ON M7A 1Y7
Attention: John Kim
email: john.kim@ofina.on.ca

c) In the case of the Ministry, the addresses for notice are:
Hand Delivery:
Ministry of Energy, Corproate Services Division

4th Floor, 56 Wellesley St
Toronto, ON M7A 2E7
Attention: Robert Burns, Chief Administrative Officer & Assistant Deputy Minister
email: robert.burns@ontario.ca

10. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

Name: Michael Reid

Title: Assistant Deputy Minister, Strategic, Network and Agency Policy Division, Ministry of Energy

by:_____

Name: Robert Burns

Title: Chief Administrative Officer & Assistant Deputy Minister, Corporate Services Division, Ministry of Energy

Ontario Financing Authority

by:_____

Name: Ronald Kwan

Title: Assistant Deputy Minister
Corporate and Electricity Finance Division
Ontario Financing Authority

Memorandum of Understanding
Relating to the
Ontario Rebate for Electricity Consumers

Dated: ~~, 2016~~January 1, 2017

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy ("**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. Pursuant to the *Ontario Rebate for Electricity Consumers Act, 2016* and the regulations thereunder (the "Act"), certain consumers will be entitled to receive financial assistance~~, in this Memorandum of Understanding ("MOU") called~~ (the "Ontario Rebate for Electricity Consumers" or "OREC")~~,~~ in respect of the cost of electricity consumed by them commencing January 1, 2017;

2. Reimbursement for OREC provided to consumers and persons receiving invoices from unit sub-meter providers ("Reimbursement") will flow to specified electricity distributors, retailers and unit sub-metering providers ("Payment Recipients") through the Independent Electricity System Operator ("IESO") in accordance with the Act;

3. Under the Act, the Ministry will be required to pay amounts to the IESO on account of the Reimbursement (the "Payments") out of amounts appropriated by the Legislature for that purpose ("Appropriated Amount");

4. The Ministry considers it advisable for the OFA to make the Payments on behalf of the Ministry and the OFA has agreed to make the Payments on behalf of the Ministry;

5. The Ministry and the OFA have also agreed to work together on OREC cost forecasting;

6. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") pursuant to clause 7 (3)(f) of the *Ministry of Energy Act* and subsection 30 (1) of the *Capital Investment Plan Act, 1993* to confirm their agreement regarding the terms on which the OFA will make the Payments and on which the Ministry and the OFA will work together on OREC cost forecasting.

Therefore:

The Ministry and the OFA agree as follows:

1. Payment Authorization

(i) The Ministry authorizes the OFA to make the Payments on behalf of the Ministry and the OFA agrees to make the Payments on behalf of the Ministry.

(ii) The Ministy shall ensure that the certificate under section 11.4 of the *Financial Administration Act* required for each of the Payments is obtained.

(iii) It is agreed by the Ministry and the OFA that the OFA is acting as agent, on behalf of the Ministry, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Act, and

ii. Making the required Payments on behalf of the Ministry as further described in this MOU.

2. Payment Process

a) The Ministry has an account with the IESO under which the IESO will issue invoices to the Ministry for the Payments. The IESO will provide the Ministry with access to these invoices by giving the Ministry access to a secure IESO portal containing these invoices ("IESO Portal").

b) The Ministry will take all necessary steps to provide the OFA with access to the IESO Portal so that the OFA will have access to each IESO invoice to the Ministry, at the same time the IESO issues the invoice to the Ministry.

c) The OFA will make the Payments on behalf of the Ministry, in the amount of the IESO invoices.

d) The Payments will be made in accordance with the IESO Market Rules and IESO Manuals for settlements and billing of market participants, as amended from time to time.

e) The Payments will be made from the Consolidated Revenue Fund and the amount of each Payment will be entered by the OFA into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Payment in the amount of the IESO invoice.

b) The OFA will keep and maintain all records related to the OREC for a period of seven (7) years, and will provide the Ministry with electronic copies (or paper copies, if requested by the Ministry) of such of those records as the Ministry may request from time to time.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Payments will be performed by the Ministry.

4. OREC Cost Forecasting

a) The Ministry and the OFA will work together to prepare and review cost forecasts, estimates, and analysis related to the OREC.

b) The Ministry will provide to the OFA all IESO invoices and settlement statements relating to the OREC, and any reports by OREC ~~transfer~~ Ppayment Rrecipients ~~(e.g. Local Distribution Companies, retailers, and unit sub-metering providers)~~ to the IESO, that are received by the Ministry. This includes providing electronic portal access to data and reports by OREC transfer payment recipients expected to be provided through an electronic portal reporting process.

c) The OFA and the Ministry will collaborate to prepare fiscal year cost estimates and monthly cashflow estimates for OREC.

d) The OFA and the Ministry will ensure senior management in their respective organizations are briefed and updated on the OREC forecasting on a regular basis to ensure there is mutual understanding and agreement on the forecasts.

e) The Ministry and the OFA acknowledge and agree that the actual costs of OREC may not be the same as the forecasted costs, and the OFA bears no liability for any differences between the forecast and actual costs of OREC, nor does the OFA have any responsibility for any application to Treasury Board for the appropriated amount or for a change in the appropriated amount for OREC.

5. Limited Role of the OFA

The OFA will only be responsible for making the Payments in accordance with section 2 and assisting in OREC cost forecasting in accordance with section 4. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the IESO invoices, monitoring the IESO's application of the Payments, monitoring the balance from time to time of the Appropriated Amount, or ensuring the Appropriated Amount is sufficient.

6. Review and Termination

a) The Ministry and the OFA will review this MOU annually.

b) This MOU may be terminated by either party at any time, on 90 days notice.

c) Upon termination of this MOU, the OFA will cease to make any Payments.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

7. No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

8. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact person is:

John Kim
Tel: (416) 212-6996
email: john.kim@ofina.on.ca

c) As of the date of this MOU the Ministry's contact person is:

Robert Burns, Chief Administrative Officer & Assistant Deputy Minister, Corporate Services Division
Tel: 416-327-3682
email: robert.burns@ontario.ca

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 9.

9. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Toronto, ON M7A 1Y7
Attention: John Kim
email: john.kim@ofina.on.ca

c) In the case of the Ministry, the addresses for notice are:

Hand Delivery:
Ministry of Energy, Corporate Services Division
4th Floor, ~~77 Grenville~~56 Wellesley St.
~~7th Floor~~
Toronto, ON M7A 2E7~~C1~~
Attention: Robert Burns, Chief Administrative Officer & Assistant Deputy Minister
email: Robert.burns@ontario.ca

10. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

Name:

Title:

Ontario Financing Authority

by:_____

Name: Ronald Kwan

Title: Assistant Deputy Minister
Corporate and Electricity Finance Division
Ontario Financing Authority

From:	John Kim
To:	Salman Qadir; Bruno Amara; Adam Prokop
Cc:	Shajee Kathirgamanathan; Gavin He; Francisco Chinchon
Subject:	RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Wednesday, April 26, 2017 5:46:19 PM

Ok, could we take a look at the 14 conditions to double check?

From: Salman Qadir
Sent: Wednesday, April 26, 2017 5:40 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Hi John,

I think Adam and I had discussed this briefly. We were questioning why the Province could not issue debt to OPG instead of Equity (or even directly into the Trust). The only reason that came to mind was to effect OPG's credit rating (which TD says would be treated as "intermediate equity" for option 3) – don't think GBE status would be affected.

The OEFC already lends to OPG which hasn't seemed to effect its GBE status… not sure what I'm missing here..

Salman

From: John Kim
Sent: Wednesday, April 26, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

I don't follow Ken's bullet #1. Maybe I'm missing something due to having too many files on the go but is it true that if we have a loan to OPG, that the GBE treatment falls apart?

From: John Kim
Sent: Wednesday, April 26, 2017 4:44 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He

<Gavin.He@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Any comments? I overlooked this email from Carlos.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.
- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.
- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.
- The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>

Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

From:	John Kim
To:	Bruno Amara; Salman Qadir; Adam Prokop
Cc:	Shajee Kathirgamanathan; Gavin He; Francisco Chinchon
Subject:	RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Wednesday, April 26, 2017 5:18:35 PM

I don't follow Ken's bullet #1. Maybe I'm missing something due to having too many files on the go but is it true that if we have a loan to OPG, that the GBE treatment falls apart?

From: John Kim
Sent: Wednesday, April 26, 2017 4:44 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Any comments? I overlooked this email from Carlos.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.
- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.
- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.
- The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

From:	John Kim
To:	Ken Kandeepan; Carlos Yep; James Devine; John Psinas; Mike Manning
Cc:	George Sakura; Bruno Amara; Francisco Chinchon
Subject:	RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Wednesday, April 26, 2017 7:29:13 PM

Hi Ken,

Thanks for these helpful comments. I do have a question on your first comment. I haven't been as close to the accounting discussion as you have been - why would providing debt from the Province to OPG, for this purpose, affect its status as a GBE, if the loan is provided at a market rate. I haven't gone through this deck carefully yet but wanted to clarify this point.

I do recognize that ultimately OPG would want to make a commercial decision so we are looking to be educated on various structures.

Happy to chat in the lock-up tomorrow.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.
- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.
- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.
- The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

From: John Kim
To: Carlos Yep
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion
Date: Wednesday, April 26, 2017 7:41:43 PM

Hi Carlos,

I'm off tomorrow and Friday….Tuesday works for me but if everyone else is available, I will send a delegate.

John

From: Carlos Yep
Sent: Wednesday, April 26, 2017 5:05 PM
To: 'Thompson, Susan' <Susan.Thompson@tdsecurities.com>; Holloway, Harold <Harold.Holloway@tdsecurities.com>
Cc: Thom, Trevor <Trevor.Thom@tdsecurities.com> (Trevor.Thom@tdsecurities.com) <Trevor.Thom@tdsecurities.com>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion

Susan
I will check schedules and get back to you tomorrow.

Regards
Carlos

From: Thompson, Susan [mailto:Susan.Thompson@tdsecurities.com]
Sent: Wednesday, April 26, 2017 4:33 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; Holloway, Harold <Harold.Holloway@tdsecurities.com>
Cc: Thom, Trevor <Trevor.Thom@tdsecurities.com>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion

Hi Carlos,

We are available at following times. As you know, Trevor is out tomorrow but I'm happy to coordinate if that date/time suits you best:

Thursday, April 27th: 10:30 – 11:30 am and 2:30 – 5:30 pm

Friday, April 28th: 2:00 – 4:00 pm

Tuesday, May 2nd: 10:00 am – 1:30 pm and 3:30 pm – 5:30 pm

Regards,

Susan

From: Carlos Yep [mailto:Carlos.Yep@ofina.on.ca]
Sent: Tuesday, April 25, 2017 1:47 PM
To: Holloway, Harold
Cc: Thom, Trevor; Thompson, Susan
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion

Hi Harold,
Thank you for the Capital Injection Discussion slides.

Can you advise your availability for a conference call this week and next week to discuss further and I will check with others in the OFA and Ministry of Energy .

Regards
Carlos

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal[td.com] for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique[td.com] pour des instructions.

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Salman Qadir
Cc: Bruno Amara
Subject: RE: Outstanding Business Issues Ontario Fair Hydro Plan vCEFD.docx
Date: Thursday, June 01, 2017 10:54:21 AM

When you get back, can have a chat with Toby and arrive at an understanding…..

From: Salman Qadir
Sent: Wednesday, May 31, 2017 11:52 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: Outstanding Business Issues Ontario Fair Hydro Plan vCEFD.docx

I would say Dimitri but don't think he's involved with this file, so likely back to Toby. It may be best to go to Malle and she can advise whether Toby or someone else can help.

Sent from my iPhone

On May 31, 2017, at 11:01 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Who at MOF Legal would be the best contact?
>
> ---
>
> **From:** Salman Qadir
> **Sent:** Tuesday, May 30, 2017 3:53 PM
> **To:** Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Outstanding Business Issues Ontario Fair Hydro Plan vCEFD.docx
>
> We can pose this question to MOF legal but hopefully this helps:
>
> S22 of the FAA:
>
> The Lieutenant Governor in Council may by order authorize the Minister of Finance, on behalf of Ontario, to agree to guarantee or indemnify the debts, obligations, securities or undertakings of any person.
>
> s28 of the FAA:
>
> Despite any other Act, a ministry or public entity shall not enter into any financial arrangement, financial commitment, guarantee, indemnity or similar transaction that would increase, directly or indirectly, the indebtedness or contingent liabilities of Ontario, or seek the approval of the Lieutenant Governor in Council to do so, unless the arrangement, commitment, guarantee, indemnity or transaction

Section 28 is specifically for any public entity, acting on behalf of the province, who will be indemnifying ANOTHER entity. What IESO and OPG have asked is that the Province indemnify them, which is where s22 comes into play.

From: Bruno Amara
Sent: Tuesday, May 30, 2017 3:29 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Outstanding Business Issues Ontario Fair Hydro Plan vCEFD.docx

I just read through s.22 and s.28 and that didn't help me. I'll see if we can get some definitive explanation, otherwise per your suggestion.

From: John Kim
Sent: Tuesday, May 30, 2017 3:14 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: RE: Outstanding Business Issues Ontario Fair Hydro Plan vCEFD.docx

Thanks….looks good. One thing though, could we leave both s22 and s28 as options? I'm of the bias that s28 is the way to go. Happy to be persuaded otherwise though. It has to do with my understanding that s28 won't require OIC? And wouldn't it be cleaner for the government to provide indemnities to the organizations (OPG and IESO) and have them extend the indemnities to relevant parties? I understood Bruce Lease indemnity was done this way?

From: Bruno Amara
Sent: Tuesday, May 30, 2017 3:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Salman Qadir <Salman.Qadir@ofina.on.ca>
Subject: FW: Outstanding Business Issues Ontario Fair Hydro Plan vCEFD.docx

Hi John

Salman added a bullet with respect to the indemnity request. S.22. We can discuss the S.22 vs. S.28. I note that James Strang's BN on this changed it to s.22 although his Qs and As still refer to S.28.

Bruno

From:	Adam Prokop
To:	Shajee Kathirgamanathan; John Kim; Salman Qadir
Cc:	Bruno Amara
Subject:	RE: Preferred equity treatment
Date:	Tuesday, May 02, 2017 5:09:47 PM

Yes there is a distinction accounting wise – but we ultimately will not know how the rating agency will treat the transaction unless a conversation is opened about it with them.

From: Shajee Kathirgamanathan
Sent: Tuesday, May 02, 2017 5:08 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Preferred equity treatment
Importance: Low

Perhaps there's a distinction on the way it's consolidated? Eg. Subsidiaries (like OPG Trust to OPG) get consolidated line by line. Whereas for the province OPG is consolidated in a single line?

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Adam Prokop
Sent: Tuesday, May 02, 2017 5:05 PM
To: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

That's what Salman had stated earlier – wouldn't know for sure but it's not the typical parent-sub relationship since OPG is not technically a sub as a GBE. It would be up to the rating agency's interpretation.

From: John Kim
Sent: Tuesday, May 02, 2017 5:03 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

I have a question on this though…..would this parent and consolidated entity assessment still hold

for the government context? It just occurred to me we're not talking money from OPG to OPG Trust but from the Province to OPG.

From: Salman Qadir
Sent: Tuesday, May 02, 2017 12:48 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Here is S&P's handbook – although there have been various amendments issued since 2008 that would need to be checked. It states the following but need to review in more detail:

Pg 33.
We include any hybrid capital issuance in excess of 15% in the numerator of our leverage calculations. We do not generally recognize hybrid issuance of operating companies (reflected also as hybrid capital in the relevant parent's consolidated financial statements) as such in our consolidated capital adequacy analysis (see table 4)

Salman

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:25 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Would we want to send to Ken, Carlos and the others, to ask TD for comments.

AP

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:23 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Preferred equity treatment

There is an exception to preferred share 20% rule:

"There are cases where a parent may invest in a subsidiary through deeply subordinated debt for tax or other reasons with the intention that the security mirrors the attributes of equity. DBRS would

typically assess a range of factors to establish if the latter has been achieved, such as cross-default trigger covenants, term and ability to defer interest. Regardless of these factors, the parent-subsidiary relationship is key and represents the only reason that DBRS would consider these debt instruments for high equity treatment. In these cases, the 20% cap rule does not apply."

See attached file.

Kind regards,

Adam Prokop
Economic Specialist
Office: 416-315-6462
adam.prokop@ofina.on.ca

From: Shajee Kathirgamanathan
To: Adam Prokop; John Kim; Salman Qadir
Cc: Bruno Amara
Subject: RE: Preferred equity treatment
Date: Tuesday, May 02, 2017 5:08:28 PM
Importance: Low

Perhaps there's a distinction on the way it's consolidated? Eg. Subsidiaries (like OPG Trust to OPG) get consolidated line by line. Whereas for the province OPG is consolidated in a single line?

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Adam Prokop
Sent: Tuesday, May 02, 2017 5:05 PM
To: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

That's what Salman had stated earlier – wouldn't know for sure but it's not the typical parent-sub relationship since OPG is not technically a sub as a GBE. It would be up to the rating agency's interpretation.

From: John Kim
Sent: Tuesday, May 02, 2017 5:03 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

I have a question on this though…..would this parent and consolidated entity assessment still hold for the government context? It just occurred to me we're not talking money from OPG to OPG Trust but from the Province to OPG.

From: Salman Qadir
Sent: Tuesday, May 02, 2017 12:48 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Here is S&P's handbook – although there have been various amendments issued since 2008 that would need to be checked. It states the following but need to review in more detail:

Pg 33.
We include any hybrid capital issuance in excess of 15% in the numerator of our leverage calculations. We do not generally recognize hybrid issuance of operating companies (reflected also as hybrid capital in the relevant parent's consolidated financial statements) as such in our consolidated capital adequacy analysis (see table 4)

Salman

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:25 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Would we want to send to Ken, Carlos and the others, to ask TD for comments.

AP

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:23 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Preferred equity treatment

There is an exception to preferred share 20% rule:

"There are cases where a parent may invest in a subsidiary through deeply subordinated debt for tax or other reasons with the intention that the security mirrors the attributes of equity. DBRS would typically assess a range of factors to establish if the latter has been achieved, such as cross-default trigger covenants, term and ability to defer interest. Regardless of these factors, the parent-subsidiary relationship is key and represents the only reason that DBRS would consider these debt instruments for high equity treatment. In these cases, the 20% cap rule does not apply."

See attached file.

Kind regards,

Adam Prokop
Economic Specialist

Office: 416-315-6462
adam.prokop@ofina.on.ca

From:	Adam Prokop
To:	John Kim; Salman Qadir
Cc:	Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: Preferred equity treatment
Date:	Tuesday, May 02, 2017 5:04:32 PM

That's what Salman had stated earlier – wouldn't know for sure but it's not the typical parent-sub relationship since OPG is not technically a sub as a GBE. It would be up to the rating agency's interpretation.

From: John Kim
Sent: Tuesday, May 02, 2017 5:03 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

I have a question on this though…..would this parent and consolidated entity assessment still hold for the government context? It just occurred to me we're not talking money from OPG to OPG Trust but from the Province to OPG.

From: Salman Qadir
Sent: Tuesday, May 02, 2017 12:48 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Here is S&P's handbook – although there have been various amendments issued since 2008 that would need to be checked. It states the following but need to review in more detail:

Pg 33.
We include any hybrid capital issuance in excess of 15% in the numerator of our leverage calculations. We do not generally recognize hybrid issuance of operating companies (reflected also as hybrid capital in the relevant parent's consolidated financial statements) as such in our consolidated capital adequacy analysis (see table 4)

Salman

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:25 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee

Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Would we want to send to Ken, Carlos and the others, to ask TD for comments.

AP

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:23 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Preferred equity treatment

There is an exception to preferred share 20% rule:

"There are cases where a parent may invest in a subsidiary through deeply subordinated debt for tax or other reasons with the intention that the security mirrors the attributes of equity. DBRS would typically assess a range of factors to establish if the latter has been achieved, such as cross-default trigger covenants, term and ability to defer interest. Regardless of these factors, the parent-subsidiary relationship is key and represents the only reason that DBRS would consider these debt instruments for high equity treatment. In these cases, the 20% cap rule does not apply."

See attached file.

Kind regards,

Adam Prokop
Economic Specialist
Office: 416-315-6462
adam.prokop@ofina.on.ca

From:	John Kim
To:	Salman Qadir; Adam Prokop
Cc:	Bruno Amara; Shajee Kathirgamanathan
Subject:	RE: Preferred equity treatment
Date:	Tuesday, May 02, 2017 5:03:14 PM

I have a question on this though…..would this parent and consolidated entity assessment still hold for the government context? It just occurred to me we're not talking money from OPG to OPG Trust but from the Province to OPG.

From: Salman Qadir
Sent: Tuesday, May 02, 2017 12:48 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Here is S&P's handbook – although there have been various amendments issued since 2008 that would need to be checked. It states the following but need to review in more detail:

Pg 33.
We include any hybrid capital issuance in excess of 15% in the numerator of our leverage calculations. We do not generally recognize hybrid issuance of operating companies (reflected also as hybrid capital in the relevant parent's consolidated financial statements) as such in our consolidated capital adequacy analysis (see table 4)

Salman

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:25 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Would we want to send to Ken, Carlos and the others, to ask TD for comments.

AP

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:23 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>

Subject: Preferred equity treatment

There is an exception to preferred share 20% rule:

“There are cases where a parent may invest in a subsidiary through deeply subordinated debt for tax or other reasons with the intention that the security mirrors the attributes of equity. DBRS would typically assess a range of factors to establish if the latter has been achieved, such as cross-default trigger covenants, term and ability to defer interest. Regardless of these factors, the parent-subsidiary relationship is key and represents the only reason that DBRS would consider these debt instruments for high equity treatment. In these cases, the 20% cap rule does not apply.”

See attached file.

Kind regards,

Adam Prokop
Economic Specialist
Office: 416-315-6462
adam.prokop@ofina.on.ca

From:	John Kim
To:	Bruno Amara
Subject:	RE: Preferred equity treatment
Date:	Tuesday, May 02, 2017 6:39:24 PM

Thanks, I was going to walk to Bloor but it was cold and started raining. I will take a look at the FPC that Salman commented on. I hear it's tomorrow AM so if any comment, we should send it up the line.

From: Bruno Amara
Sent: May-02-17 5:24 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Preferred equity treatment

OK, I can stick around today.

From: John Kim
Sent: Tuesday, May 02, 2017 5:12 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Preferred equity treatment

Hi Bruno,

I'm going to leave a bit early today.

On this one, good thing I worded my email to Carlos and Ken in a very measured way.

John

From: Adam Prokop
Sent: Tuesday, May 02, 2017 5:10 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Preferred equity treatment

Yes there is a distinction accounting wise – but we ultimately will not know how the rating agency will treat the transaction unless a conversation is opened about it with them.

From: Shajee Kathirgamanathan
Sent: Tuesday, May 02, 2017 5:08 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Preferred equity treatment

Importance: Low

Perhaps there's a distinction on the way it's consolidated? Eg. Subsidiaries (like OPG Trust to OPG) get consolidated line by line. Whereas for the province OPG is consolidated in a single line?

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Adam Prokop
Sent: Tuesday, May 02, 2017 5:05 PM
To: John Kim <John.Kim@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

That's what Salman had stated earlier – wouldn't know for sure but it's not the typical parent-sub relationship since OPG is not technically a sub as a GBE. It would be up to the rating agency's interpretation.

From: John Kim
Sent: Tuesday, May 02, 2017 5:03 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

I have a question on this though…..would this parent and consolidated entity assessment still hold for the government context? It just occurred to me we're not talking money from OPG to OPG Trust but from the Province to OPG.

From: Salman Qadir
Sent: Tuesday, May 02, 2017 12:48 PM
To: Adam Prokop <Adam.Prokop@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Here is S&P's handbook – although there have been various amendments issued since 2008 that would need to be checked. It states the following but need to review in more detail:

Pg 33.

We include any hybrid capital issuance in excess of 15% in the numerator of our leverage calculations. We do not generally recognize hybrid issuance of operating companies (reflected also as hybrid capital in the relevant parent's consolidated financial statements) as such in our consolidated capital adequacy analysis (see table 4)

Salman

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:25 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Preferred equity treatment

Would we want to send to Ken, Carlos and the others, to ask TD for comments.

AP

From: Adam Prokop
Sent: Tuesday, May 02, 2017 12:23 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Preferred equity treatment

There is an exception to preferred share 20% rule:

"There are cases where a parent may invest in a subsidiary through deeply subordinated debt for tax or other reasons with the intention that the security mirrors the attributes of equity. DBRS would typically assess a range of factors to establish if the latter has been achieved, such as cross-default trigger covenants, term and ability to defer interest. Regardless of these factors, the parent-subsidiary relationship is key and represents the only reason that DBRS would consider these debt instruments for high equity treatment. In these cases, the 20% cap rule does not apply."

See attached file.

Kind regards,

Adam Prokop
Economic Specialist
Office: 416-315-6462
adam.prokop@ofina.on.ca

From:	John Kim
To:	"Talwar, Shruti (ENERGY)"
Subject:	RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Tuesday, November 28, 2017 11:06:56 AM

Ok, thanks Shruti. Keep me in the loop pls.

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, November 28, 2017 10:12 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

FYI

From: Talwar, Shruti (ENERGY)
Sent: November 28, 2017 10:10 AM
To: 'RYFA Ken -TREASURY'; Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY)
Subject: RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Ken R.,

Thanks for your email, and the chat last Friday morning to clarify the proposed process for the first transaction. As you know it is important to Ministry to ensure that we follow the proper process at all times, particularly for the first transaction. Here is the proposed process as I understand it from our chat.

1) IESO asset to be transferred is the balance as of November 30. I understand the projected balance is ~$1.2B of which 44 per cent which will covered by the request for the equity injection.
2) On Dec 7 or 8, IESO will get confirmation of the November 30 balance and relay to OPG
3) On Dec 7 or 8, OPG to send Ministry of Energy an unofficial, unsigned Transfer Notice indicating the balance, and the amount requested for equity injection along with the Share Subscription form. This notice will be missing the closing date but all other information will be complete and accurate.
4) Ministry of Energy to commence reviewing the request on the assumption that a formal signed Transfer notice will be provided between Dec 12 –15.
5) Ministry of Energy to make formal request to the OFA under an MOU, once the formal signed Transfer Notice is received by the Ministry from OPG. Only once the formal signed Transfer Notice is received by the Ministry of Energy from OPG, will the 5 day period starts, but we will endeavour to expedite, although only 2 of the 5 days are under our control.
6) OFA staff to process the payment within three business days as per the terms of the MOU and wire funds to the appropriate account as per the MOU

From a Ministry of Energy perspective, we are ok with the above approach for this transaction. Our main concern, legal and policy, is ensuring that we have the formal signed Transfer Notice in hand before making any request to the OFA.

I understand that the closing date of the equity injection is the same as the closing date for the external financing which makes it challenging to provide the formal Transfer Notice within the 5 days. Going forward, you mentioned the warehousing facility may help with this timing issue.

Mike M and Ken K may have additional comments from an OFA perspective.
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 23, 2017 1:26 PM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV
Subject: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Shruti / Mike / Ken K,
Just wanted to give you a preliminary notice of expected funding requirements over the next month to facilitate the first purchase of the asset from the IESO and corresponding debt issued by the Trust, a part of which is supported by the equity injection from the Province. A formal notice will be provided in accordance with the relevant processes but given that this is the first transaction during a month when many people are away then we are providing this preliminary notice to help with lining up the relevant approvals.

The timing of the asset purchase will correspond to the debt issuance by the Trust. The exact timing will depend on completing the items required to market to investors – program documents and credit rating are the key elements.

In terms of dollar amount we anticipate the Trust purchasing the entire variance account balance. This is expected to be about $1.2 billion. As of the end of October, the account is just over $1 billion. It is expected that the senior debt for this first transaction will be both term debt and

warehouse debt.

Since this is the first transaction in this structure and there are a number of moving parts at the current time then we will need to have some flexibility on the 5 business day requirement between notification and funding. One of the challenges is to include the Transfer Notice as part of the request for the equity since there is a similar 5 business day notice requirement. We may need to issue the equity request without the Transfer Notice attachment which would follow shortly after.

At the current time the expected dates are:
Pricing of term debt issuance – current target is sometime between Dec 12 to 15
Closing of debt issuance – Dec 19 to 22 (standard for securitization is T+5)

Closing date would correspond to the date for OPG to issue Class A shares to the Province in exchange for the corresponding funding from the Province.
Thanks,
Ken R

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Ronald Kwan
To:	John Kim
Subject:	RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program
Date:	Tuesday, November 28, 2017 12:12:02 PM

Hi John,

Any reason why you're not on the primary email list?

Ron

From: John Kim
Sent: November-28-17 11:09
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Fyi.

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Tuesday, November 28, 2017 10:12 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

FYI

From: Talwar, Shruti (ENERGY)
Sent: November 28, 2017 10:10 AM
To: 'RYFA Ken -TREASURY'; Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Sud, Manu (ENERGY); Young, Graham (ENERGY)
Subject: RE: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Ken R.,

Thanks for your email, and the chat last Friday morning to clarify the proposed process for the first transaction. As you know it is important to Ministry to ensure that we follow the proper process at all times, particularly for the first transaction. Here is the proposed process as I understand it from our chat.

1) IESO asset to be transferred is the balance as of November 30. I understand the projected balance is ~$1.2B of which 44 per cent which will covered by the request for the equity injection.

2) On Dec 7 or 8, IESO will get confirmation of the November 30 balance and relay to OPG
3) On Dec 7 or 8, OPG to send Ministry of Energy an unofficial, unsigned Transfer Notice indicating the balance, and the amount requested for equity injection along with the Share Subscription form. This notice will be missing the closing date but all other information will be complete and accurate.
4) Ministry of Energy to commence reviewing the request on the assumption that a formal signed Transfer notice will be provided between Dec 12 –15.
5) Ministry of Energy to make formal request to the OFA under an MOU, once the formal signed Transfer Notice is received by the Ministry from OPG. Only once the formal signed Transfer Notice is received by the Ministry of Energy from OPG, will the 5 day period starts, but we will endeavour to expedite, although only 2 of the 5 days are under our control.
6) OFA staff to process the payment within three business days as per the terms of the MOU and wire funds to the appropriate account as per the MOU

From a Ministry of Energy perspective, we are ok with the above approach for this transaction. Our main concern, legal and policy, is ensuring that we have the formal signed Transfer Notice in hand before making any request to the OFA.

I understand that the closing date of the equity injection is the same as the closing date for the external financing which makes it challenging to provide the formal Transfer Notice within the 5 days. Going forward, you mentioned the warehousing facility may help with this timing issue.

Mike M and Ken K may have additional comments from an OFA perspective.
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: November 23, 2017 1:26 PM
To: Talwar, Shruti (ENERGY); Manning, Mike (OFA); Kandeepan, Ken (OFA)
Cc: LEE John -TREASURY; GRECO Clara -LAWDIV; LADAK Lubna -TREASURY; GO Matthew -TREASURY; LIU Sheen -TREASURY; WONG Leslie -LAWDIV
Subject: Preliminary notice of first asset purchase and debt issuance under Fair Hydro Program

Shruti / Mike / Ken K,

Just wanted to give you a preliminary notice of expected funding requirements over the next month to facilitate the first purchase of the asset from the IESO and corresponding debt issued by the Trust, a part of which is supported by the equity injection from the Province. A formal notice will be provided in accordance with the relevant processes but given that this is the first transaction during a month when many people are away then we are providing this preliminary notice to help with lining up the relevant approvals.

The timing of the asset purchase will correspond to the debt issuance by the Trust. The exact timing will depend on completing the items required to market to investors – program documents and credit rating are the key elements.

In terms of dollar amount we anticipate the Trust purchasing the entire variance account balance. This is expected to be about $1.2 billion. As of the end of October, the account is just over $1 billion. It is expected that the senior debt for this first transaction will be both term debt and warehouse debt.

Since this is the first transaction in this structure and there are a number of moving parts at the current time then we will need to have some flexibility on the 5 business day requirement between notification and funding. One of the challenges is to include the Transfer Notice as part of the request for the equity since there is a similar 5 business day notice requirement. We may need to issue the equity request without the Transfer Notice attachment which would follow shortly after.

At the current time the expected dates are:
Pricing of term debt issuance – current target is sometime between Dec 12 to 15
Closing of debt issuance – Dec 19 to 22 (standard for securitization is T+5)

Closing date would correspond to the date for OPG to issue Class A shares to the Province in exchange for the corresponding funding from the Province.
Thanks,
Ken R

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Talwar, Shruti (ENERGY)
To:	RYFA Ken -TREASURY; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Gavin He; Bruno Amara; Carlos Yep
Cc:	WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan; LEE John -TREASURY; LADAK Lubna -TREASURY
Subject:	RE: Process and documents for first asset purchase
Date:	Monday, December 18, 2017 5:01:12 PM
Attachments:	2017-12-20- Signed Share Subscription Form.pdf

Earlier today, we sent an electronic copy of the signed Share Subscription form to the OFA. We can give OPG the original on the closing date – let us know who at OPG we should connect with.

One question on the transfer notice – going forward, will the usual practice be that it is signed but undated?

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December 18, 2017 1:54 PM
To: Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; He, Gavin (OFA); Bruno Amara; Yep, Carlos (OFA)
Cc: WONG Evelyn -OFFCORPSEC; Kathirgamanathan,Shajee (OFA); LEE John -TREASURY; LADAK Lubna -TREASURY
Subject: RE: Process and documents for first asset purchase

Hi,
Just wanted to confirm the discussion between John Lee and Ken Kandeepan this morning. I understand that the Province will fund the equity injection on the morning of December 20 to help minimize any issues with closing of the first asset purchase.
Thanks,
Ken

From: RYFA Ken -TREASURY
Sent: Friday, December 15, 2017 5:38 PM

To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Kim, John (OFA)' <John.Kim@ofina.on.ca>; 'Young, Graham (ENERGY)' <Graham.Young@ontario.ca>; 'Sud, Manu (ENERGY)' <Manu.Sud@ontario.ca>; 'Ogunrinde, Deni (ENERGY)' <Deni.Ogunrinde@ontario.ca>; 'John Psinas' <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; 'Shajee Kathirgamanathan' <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase

Hi,
The Transfer Notice has been signed but has not been dated as it is being held in escrow. On closing the Transfer Notice will be dated effective the closing date and released from escrow.

Attached is the document package for the equity purchase with the signed but undated Transfer Notice. On closing we will provide an updated Transfer Notice with the date completed.

Thanks,
Ken

<< File: MSA_Share_Subscription_Notice_First_Purchase.pdf >> << File: Transfer Notice Final version in escrow until closing.pdf >> << File: Calculation of equity for FHP 2017.pdf >>

From: RYFA Ken -TREASURY
Sent: Wednesday, December 13, 2017 9:41 AM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase

Hi,
Just wanted to let everyone know that closing has been delayed as a result of discussions this week to finalize the Change in Law Protection Agreement. The credit rating process has been delayed and closing is now targeted for Dec 20 or 21. I hope to have a final transfer amount today. The amount is still around $1.2 B.
Thanks,
Ken

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC.** (the "**Corporation**")

The undersigned hereby subscribes for 12,217,616 Class A Shares of the Corporation at the price of $42.46 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the shares.

Distribution date: December 20, 2017

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Name:
Title:

Attachment A

Calculation of Equity Injection for

_____

Investment Asset Purchase in December 2017 representing cumulative IESO deferral to date ("Period")

(A) Purchase Price per Transfer Notice attached:	1,179,000,000.00
(B) Percentage Funded by Equity:	44%
(C) Total Equity injection required for Period (A x B):	518,760,000.00
(D) Class A Share Price pursuant to OPG Financial Statements as of September 30, 2017:	42.46
(E) Number of Class A Shares to be issued to Province (C ÷ D):	12,217,616

From:	Gavin He
To:	John Kim; Bruno Amara
Cc:	Shajee Kathirgamanathan
Subject:	RE: Process and documents for first asset purchase
Date:	Friday, December 08, 2017 8:47:14 AM

Hi all,

I saved them under below folder:

S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Equity Injection\December

Regards,
Gavin He

From: John Kim
Sent: Friday, December 08, 2017 8:45 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: Process and documents for first asset purchase

Fyi

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Thursday, December 07, 2017 6:32 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Conference Rm:TRS <EX4725@opg.com>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Attached is a preliminary Share Subscription Notice with supporting information. Excel file has the supporting detail for the share price. Transfer Amount not finalized yet.

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM

To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	RYFA Ken -TREASURY
To:	Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc:	WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject:	RE: Process and documents for first asset purchase
Date:	Thursday, December 07, 2017 6:32:32 PM
Attachments:	MSA_Share_Subscription_Notice_Mock_Up_First_Purchase.docx Calculation of equity for FHP 2017.xlsx

Attached is a preliminary Share Subscription Notice with supporting information. Excel file has the supporting detail for the share price. Transfer Amount not finalized yet.

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for **12,435,233** Class A Shares of the Corporation at the price of $42.46 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the share.

Distribution date: December 19, 2017

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention:
Email:

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December 11, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $1,200,000,000.00

Purchase Price: $1,200,000,000.00

Closing Date: December 19, 2018

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement;

(iii) since the date of the last Transfer Notice there has been no change to the information described in Section 2.2(a)(i)(A) of the Master Transfer and Servicing Agreement; and

(iv) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at ■ (Toronto time) on the Closing Date referred to above at the offices of ■, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to [insert IESO bank account details].

DATED this 11th day of December, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this 11th day of December, 2017.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachment A to Exhibit B of Master Subscription Agreement

Calculation of Equity Injection for

_____

Investment Asset Purchase in December 2017 representing cumulative IESO deferral to end of November 2017 ("Period")

(A) Purchase Price per Transfer Notice attached:	1,200,000,000.00
(B) Percentage Funded by Equity:	44%
(C) Total Equity injection required for Period (A x B):	528,000,000.00
(D) Class A Share Price pursuant to OPG Financial Statements as of September 30, 2017:	42.46
(E) Number of Class A Shares to be issued to Province (C ÷ D):	12,435,233

Fair Hydro Plan

Quarterly Share Price Calculation

		$ millions				$ millions				$ millions			
	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Common shares	5,126.0	5,126.0	5,126.0	5,126.0									
Class A shares	0.0	0.0	0.0	0.0									
Retained Earnings	5,534.0	5,598.0	5,903.0	6,034.0									
Total equity excluding AOCI / AOCL	10,660.0	10,724.0	11,029.0	11,160.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AOCI / AOCL	(295.0)	(283.0)	(280.0)	(277.0)									
Adjusted total equity with AOCI / AOCL	10,365.0	10,441.0	10,749.0	10,883.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
# of shares:		Millions of shares				Millions of shares				Millions of shares			
Common	256.3	256.3	256.3	256.3									
Class A	0.0	0.0	0.0	0.0									
Total shares	256.3	256.3	256.3	256.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Value per share including AOCI/AOCL	**40.44**	**40.74**	**41.94**	**42.46**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Rounded to cents

Equity Issuance Advance Date					20-Dec-17				
Calculation of # of Class A shares:									
Amount on Transfer Notice from IESO					1,200,000,000				
Percentage funded by Equity	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%	44.0%
Amount funded by Equity	0	0	0	0	528,000,000	0	0	0	0
Class A share purchase price		40.44	40.74	41.94	42.46	-	-	-	
Number of Class A shares issued	0.0	0.0	0.0	0.0	12,435,233.0	0.0	0.0	0.0	0.0

Balance of Class A shares	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4
Opening Balance	0.0	0.0	0.0	0.0	0.0	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0
Class A shares issued	0.0	0.0	0.0	0.0	12,435,233.0	0.0	0.0	0.0	0.0
Class A shares redeemed									
Class A shares adjustment									
Total Class A shares end of period	0.0	0.0	0.0	0.0	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0

Equity Issuance Advance Date				
Calculation of # of Class A shares:				
Amount on Transfer Notice from IESO				
Percentage funded by Equity	44.0%	44.0%	44.0%	44.0%
Amount funded by Equity	0	0	0	0
Class A share purchase price				
Number of Class A shares issued	0.0	0.0	0.0	0.0

Balance of Class A shares	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Opening Balance	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0
Class A shares issued	0.0	0.0	0.0	0.0
Class A shares redeemed				
Class A shares adjustment				
Total Class A shares end of period	12,435,233.0	12,435,233.0	12,435,233.0	12,435,233.0

Equity Injection per Master Subscription Agreement

Attachment A to Exhibit B

(A)	Purchase Price per Transfer Notice from IESO	1,200,000,000.00
(B)	Percentage Funded by Equity	44.000000000%
©	Total Equity Required	528,000,000.00
(D)	Class A share purchase price	42.46
(E)	Number of Class A shares to be issued	12,435,233.0

From: Gavin He
To: John Kim
Subject: RE: Process and documents for first asset purchase
Date: Thursday, December 07, 2017 11:39:53 AM
Attachments: OFA - MoE MOU Fair Hydro Plan_v15 ENERGY Dec 05_Final.pdf

---

Hi John,

FYI – I gave one original copy back to Energy and saved a scanned version under below folder:

S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Implementation\MOU\Final

Usman will give our original copy to Legal.

Regards,
Gavin He

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Wednesday, December 06, 2017 1:39 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Thanks Gavin!

Deni

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December-06-17 1:21 PM
To: Ogunrinde, Deni (ENERGY)
Cc: Talwar, Shruti (ENERGY); Kim, John (OFA)
Subject: RE: Process and documents for first asset purchase

Hi Deni,

Thanks! We will move forward with the sign-off on the current version (the version your ADM signed-off on).

Regards,
Gavin He

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Wednesday, December 06, 2017 1:09 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; John Kim <John.Kim@ofina.on.ca>

Subject: RE: Process and documents for first asset purchase

Hi Gavin,

Yes, I have confirmation from Shruti. You can include settlement as a contact in schedule C, and we can e-mail schedule C to both Alfonso, and the settlement account outside of the agreement.

Can you send us the final copy that you will be singing off on?

Thanks,
Deni

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December-06-17 1:04 PM
To: Ogunrinde, Deni (ENERGY)
Cc: Talwar, Shruti (ENERGY); Kim, John (OFA)
Subject: RE: Process and documents for first asset purchase

Hi Deni,

Sorry for the back and forth on this. I think we can move forward with the sign-off on our side on the current copy.

Separately, is it possible to email "schedule C" to the OFA settlements team (Alfonso and Settlement@ofina.on.ca) then? Right now, it's in a memo format, so I am not sure how he will receive that memo.

Please let us know if that will work for you.

Regards,
Gavin He

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Wednesday, December 06, 2017 12:24 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

We're looking at the changes and we're wondering if the ministry would be required to submit the documents in Section 2 b) of the MOU to this email, in addition to Alfonso (to whom the Payment Authorisation is addressed). If so, our corporate suggested this be included in Schedule C.

Thanks,
Deni

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December-06-17 11:58 AM
To: Ogunrinde, Deni (ENERGY)
Cc: Talwar, Shruti (ENERGY); Kim, John (OFA)
Subject: RE: Process and documents for first asset purchase

Hi Deni,

Thanks for dropping off the package. Our legal confirmed that he is ok with the edits on paragraph 2. But if you were okay without the edits, could you please send the updated version removing that then?

In addition, our OFA settlements team would like to add an additional generic mailbox for the notice purpose, so I have added that in the attached version.

Thanks,
Gavin He

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Wednesday, December 06, 2017 10:20 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

We checked back with our legal and we were able to remove that new line to the MOU that we checked in with you about yesterday. Thank you for looking into it.

I will be walking over two signed copies of the MOU around 11:15 for your ADM to sign off on. If you aren't there I can leave them with Karim.

Once they are signed, if you could return one of the copies back to us it would be very appreciated.

Let me know if you have any questions or concerns.

Thank you,
Deni

From: Ogunrinde, Deni (ENERGY)
Sent: December-05-17 12:03 PM
To: Talwar, Shruti (ENERGY); He, Gavin (OFA)

Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA); Sud, Manu (ENERGY); Young, Graham (ENERGY); Sawwaf, Khareem (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

We have made a couple of changes to the MOU upon some advice from legal.

We wanted to see if you were ok with the change to paragraph two under the Whereas Clause at the beginning.

Thanks,
Deni

From: Talwar, Shruti (ENERGY)
Sent: December-05-17 9:28 AM
To: He, Gavin (OFA)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA); Sud, Manu (ENERGY); Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

Yes, that is understanding. So thank you for confirming. I will be out of the office next week, so please connect with Graham on any issues.

Also, we are arranging for Carolyn to sign the MOU today, so we can walk over two copies to you. Or if you are coming up here, you can pick them up.
Will be in touch.

Thanks,
Shruti

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December 5, 2017 8:44 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA)
Subject: RE: Process and documents for first asset purchase

Hi Shruti,

Hope all is going well!

Following the discussion yesterday, we understand that all numbers are to be finalized before the end of this week but won't be signed and delivered until Dec 15th for the first iteration. If that's the case, and the numbers won't change for the time being, OFA will be able to process the payment on 18th if we received the signed document on 15th.

Please feel free to let us know if you have any other questions/concerns.

Thanks,
Gavin He

-----Original Appointment-----
From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Friday, December 01, 2017 1:49 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc. **<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>**

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **December 5 , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, the Legislative Assembly of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act provide the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.

6. In accordance with the Equity Injection Plan, the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within five (5) Business Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three Business Days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic copy of each Share Subscription executed and approved by the Minister of Energy or authorized delegate;
   b. a clear and legible electronic copy of a certificate, in the form attached as Schedule A to this MOU (the "Certificate"), confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and
   c. a clear and legible electronic copy of a payment authorization approved by the Deputy Minister of Energy or authorized delegate in the form attached as Schedule C to this MOU (the "Payment Authorization").

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments shall be as set out in Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

   a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
   b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
   c. authorizations under section 11.4 (2) 1 of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by: _____

name: Carolyn Calwell
title: Assistant Deputy Minister
(Pursuant to delegated authority)

Ontario Financing Authority

by: _____

name: Ronald Kwan
title: Assistant Deputy Minister, Corporate and Electricity Finance Division

by: _____

name: Ken Kandeepan
title: Chief Financial and Risk Officer, Ontario Financing Authority

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **[date]** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4]** hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) as consideration for the subscription for [number] Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From:	Gavin He
To:	"Ogunrinde, Deni (ENERGY)"
Cc:	Talwar, Shruti (ENERGY); John Kim
Subject:	RE: Process and documents for first asset purchase
Date:	Wednesday, December 06, 2017 1:21:01 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v15 ENERGY Dec 05_Final.docx

Hi Deni,

Thanks! We will move forward with the sign-off on the current version (the version your ADM signed-off on).

Regards,
Gavin He

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Wednesday, December 06, 2017 1:09 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

Yes, I have confirmation from Shruti. You can include settlement as a contact in schedule C, and we can e-mail schedule C to both Alfonso, and the settlement account outside of the agreement.

Can you send us the final copy that you will be singing off on?

Thanks,
Deni

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December-06-17 1:04 PM
To: Ogunrinde, Deni (ENERGY)
Cc: Talwar, Shruti (ENERGY); Kim, John (OFA)
Subject: RE: Process and documents for first asset purchase

Hi Deni,

Sorry for the back and forth on this. I think we can move forward with the sign-off on our side on the current copy.

Separately, is it possible to email "schedule C" to the OFA settlements team (Alfonso and Settlement@ofina.on.ca) then? Right now, it's in a memo format, so I am not sure how he will receive that memo.

Please let us know if that will work for you.

Regards,
Gavin He

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Wednesday, December 06, 2017 12:24 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

We're looking at the changes and we're wondering if the ministry would be required to submit the documents in Section 2 b) of the MOU to this email, in addition to Alfonso (to whom the Payment Authorisation is addressed). If so, our corporate suggested this be included in Schedule C.

Thanks,
Deni

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December-06-17 11:58 AM
To: Ogunrinde, Deni (ENERGY)
Cc: Talwar, Shruti (ENERGY); Kim, John (OFA)
Subject: RE: Process and documents for first asset purchase

Hi Deni,

Thanks for dropping off the package. Our legal confirmed that he is ok with the edits on paragraph 2. But if you were okay without the edits, could you please send the updated version removing that then?

In addition, our OFA settlements team would like to add an additional generic mailbox for the notice purpose, so I have added that in the attached version.

Thanks,
Gavin He

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Wednesday, December 06, 2017 10:20 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

We checked back with our legal and we were able to remove that new line to the MOU that we checked in with you about yesterday. Thank you for looking into it.

I will be walking over two signed copies of the MOU around 11:15 for your ADM to sign off on. If you aren't there I can leave them with Karim.

Once they are signed, if you could return one of the copies back to us it would be very appreciated.

Let me know if you have any questions or concerns.

Thank you,
Deni

From: Ogunrinde, Deni (ENERGY)
Sent: December-05-17 12:03 PM
To: Talwar, Shruti (ENERGY); He, Gavin (OFA)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA); Sud, Manu (ENERGY); Young, Graham (ENERGY); Sawwaf, Khareem (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

We have made a couple of changes to the MOU upon some advice from legal.

We wanted to see if you were ok with the change to paragraph two under the Whereas Clause at the beginning.

Thanks,
Deni

From: Talwar, Shruti (ENERGY)
Sent: December-05-17 9:28 AM
To: He, Gavin (OFA)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA); Sud, Manu (ENERGY); Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

Yes, that is understanding. So thank you for confirming. I will be out of the office next week, so please connect with Graham on any issues.

Also, we are arranging for Carolyn to sign the MOU today, so we can walk over two copies to you. Or if you are coming up here, you can pick them up.
Will be in touch.

Thanks,
Shruti

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December 5, 2017 8:44 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA)
Subject: RE: Process and documents for first asset purchase

Hi Shruti,

Hope all is going well!

Following the discussion yesterday, we understand that all numbers are to be finalized before the end of this week but won't be signed and delivered until Dec 15th for the first iteration. If that's the case, and the numbers won't change for the time being, OFA will be able to process the payment on 18th if we received the signed document on 15th.

Please feel free to let us know if you have any other questions/concerns.

Thanks,
Gavin He

-----Original Appointment-----
From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Friday, December 01, 2017 1:49 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc. << File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **December , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, the Legislative Assembly of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act provide the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG") to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.

6. In accordance with the Equity Injection Plan, the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within five (5) Business Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three Business Days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic copy of each Share Subscription executed and approved by the Minister of Energy or authorized delegate;
   b. a clear and legible electronic copy of a certificate, in the form attached as Schedule A to this MOU (the "Certificate"), confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and
   c. a clear and legible electronic copy of a payment authorization approved by the Deputy Minister of Energy or authorized delegate in the form attached as Schedule C to this MOU (the "Payment Authorization").

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments shall be as set out in Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

   a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
   b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
   c. authorizations under section 11.4 (2) 1 of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name: Carolyn Calwell
title: Assistant Deputy Minister
(Pursuant to delegated authority)

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **[date]** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) as consideration for the subscription for [number] Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From: Gavin He
To: "Ogunrinde, Deni (ENERGY)"
Cc: Talwar, Shruti (ENERGY); John Kim
Subject: RE: Process and documents for first asset purchase
Date: Wednesday, December 06, 2017 11:58:09 AM
Attachments: OFA - MoE MOU Fair Hydro Plan_v15 ENERGY Dec 05_CEFD.DOCX

Hi Deni,

Thanks for dropping off the package. Our legal confirmed that he is ok with the edits on paragraph 2. But if you were okay without the edits, could you please send the updated version removing that then?

In addition, our OFA settlements team would like to add an additional generic mailbox for the notice purpose, so I have added that in the attached version.

Thanks,
Gavin He

From: Ogunrinde, Deni (ENERGY) [mailto:Deni.Ogunrinde@ontario.ca]
Sent: Wednesday, December 06, 2017 10:20 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

We checked back with our legal and we were able to remove that new line to the MOU that we checked in with you about yesterday. Thank you for looking into it.

I will be walking over two signed copies of the MOU around 11:15 for your ADM to sign off on. If you aren't there I can leave them with Karim.

Once they are signed, if you could return one of the copies back to us it would be very appreciated.

Let me know if you have any questions or concerns.

Thank you,
Deni

From: Ogunrinde, Deni (ENERGY)
Sent: December-05-17 12:03 PM
To: Talwar, Shruti (ENERGY); He, Gavin (OFA)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA); Sud, Manu (ENERGY); Young, Graham (ENERGY); Sawwaf, Khareem (ENERGY); Gounden, Pratima (ENERGY)

Subject: RE: Process and documents for first asset purchase

Hi Gavin,

We have made a couple of changes to the MOU upon some advice from legal.

We wanted to see if you were ok with the change to paragraph two under the Whereas Clause at the beginning.

Thanks,
Deni

From: Talwar, Shruti (ENERGY)
Sent: December-05-17 9:28 AM
To: He, Gavin (OFA)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA); Sud, Manu (ENERGY); Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

Yes, that is understanding. So thank you for confirming. I will be out of the office next week, so please connect with Graham on any issues.

Also, we are arranging for Carolyn to sign the MOU today, so we can walk over two copies to you. Or if you are coming up here, you can pick them up.
Will be in touch.

Thanks,
Shruti

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December 5, 2017 8:44 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA)
Subject: RE: Process and documents for first asset purchase

Hi Shruti,

Hope all is going well!

Following the discussion yesterday, we understand that all numbers are to be finalized before the end of this week but won't be signed and delivered until Dec 15th for the first iteration. If that's the case, and the numbers won't change for the time being, OFA will be able to process the payment on 18th if we received the signed document on 15th.

Please feel free to let us know if you have any other questions/concerns.

Thanks,
Gavin He

-----Original Appointment-----
From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Friday, December 01, 2017 1:49 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc. << File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message,

including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **December , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, the Legislative Assembly of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act provide the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG"), as Financial Services Manager for the purposes of the Act, to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.

6. In accordance with the Equity Injection Plan, the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within five (5) Business Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three Business Days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic copy of each Share Subscription executed and approved by the Minister of Energy or authorized delegate;
   b. a clear and legible electronic copy of a certificate, in the form attached as Schedule A to this MOU (the "Certificate"), confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and
   c. a clear and legible electronic copy of a payment authorization approved by the Deputy Minister of Energy or authorized delegate in the form attached as Schedule C to this MOU (the "Payment Authorization").

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments shall be as set out in Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

   a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
   b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
   c. authorizations under section 11.4 (2) 1 of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

Name: SETTLEMENT
Title: Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Email: Settlement@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name: Carolyn Calwell
title: Assistant Deputy Minister
(Pursuant to delegated authority)

Ontario Financing Authority

by:_____

name: Ronald Kwan
title: Assistant Deputy Minister, Corporate and Electricity Finance Division

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **[date]** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) as consideration for the subscription for [number] Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From:	Ogunrinde, Deni (ENERGY)
To:	Talwar, Shruti (ENERGY); Gavin He
Cc:	John Kim; Shajee Kathirgamanathan; Sud, Manu (ENERGY); Graham Young (MOI); Sawwaf, Khareem (ENERGY); Pratima Gounden (ENERGY)
Subject:	RE: Process and documents for first asset purchase
Date:	Tuesday, December 05, 2017 12:02:51 PM
Attachments:	OFA - MoE MOU Fair Hydro Plan_v15 ENERGY Dec 05.docx

Hi Gavin,

We have made a couple of changes to the MOU upon some advice from legal.

We wanted to see if you were ok with the change to paragraph two under the Whereas Clause at the beginning.

Thanks,
Deni

From: Talwar, Shruti (ENERGY)
Sent: December-05-17 9:28 AM
To: He, Gavin (OFA)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA); Sud, Manu (ENERGY); Young, Graham (ENERGY); Ogunrinde, Deni (ENERGY); Sawwaf, Khareem (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Process and documents for first asset purchase

Hi Gavin,

Yes, that is understanding. So thank you for confirming. I will be out of the office next week, so please connect with Graham on any issues.

Also, we are arranging for Carolyn to sign the MOU today, so we can walk over two copies to you. Or if you are coming up here, you can pick them up.
Will be in touch.

Thanks,
Shruti

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December 5, 2017 8:44 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA); Kathirgamanathan,Shajee (OFA)
Subject: RE: Process and documents for first asset purchase

Hi Shruti,

Hope all is going well!

Following the discussion yesterday, we understand that all numbers are to be finalized before the end of this week but won't be signed and delivered until Dec 15th for the first iteration. If that's the

case, and the numbers won't change for the time being, OFA will be able to process the payment on 18th if we received the signed document on 15th.

Please feel free to let us know if you have any other questions/concerns.

Thanks,
Gavin He

-----Original Appointment-----
From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Friday, December 01, 2017 1:49 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc. << File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the Fair Hydro Plan

Dated: **December , 2017**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Ministry**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. On June 1, 2017, the Legislative Assembly of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") which was introduced by the Government to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act provide the right for the Independent Electricity System Operator ("IESO") to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the IESO by one or more special purpose financing entities, under the Act established by Ontario Power Generation Inc. ("OPG"), as Financial Services Manager for the purposes of the Act, to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Ministry has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the OPG Financing Entity's debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has, having received shareholder consent, amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares") for the purposes of facilitating the contemplated equity injections.

6. In accordance with the Equity Injection Plan, the Ministry will subscribe for Class A Shares on a monthly basis.

7. Each month OPG will deliver to the Ministry a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Ministry.

8. The Ministry is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

9. The Ministry has advised the OFA that the Ministry is required to make the Subscription Payments within five (5) Business Days of the receipt by the Ministry of the Share Subscription (the "Share Subscription Payment Date"). For the purposes of this MOU "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

10. The Ministry considers it advisable for the OFA to make the Subscription Payments on behalf of the Ministry and the OFA has agreed to make the Subscription Payments on behalf of the Ministry.

11. The Ministry and the OFA wish to enter into this Memorandum of Understanding ("MOU") to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Ministry and the OFA agree as follows:

1) Payment Authorization

a) The Ministry authorizes the OFA to make the Subscription Payments on behalf of the Ministry and the OFA agrees to make the Subscription Payments on behalf of the Ministry.

b) It is agreed by the Ministry and the OFA that the OFA is acting as an agent, on behalf of the Ministry, for the purposes of:

   i) transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Ministry in respect of the Fair Hydro Plan, and

   ii) making the required Subscription Payments on behalf of the Ministry as further described in this MOU.

2) Payment Process

a) The Ministry will take all necessary steps to provide the OFA with a clear and legible unapproved electronic copy of each Share Subscription, on the same day the Ministry receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Ministry will deliver to the OFA at least three Business Days before the Share Subscription Payment Date, electronic copies of the following:

   a. a clear and legible electronic copy of each Share Subscription executed and approved by the Minister of Energy or authorized delegate;
   b. a clear and legible electronic copy of a certificate, in the form attached as Schedule A to this MOU (the "Certificate"), confirming that there is a sufficient Appropriated Amount from which to make the Subscription Payment and, under section 11.4 of the *Financial* Administration *Act* (the "FAA"), that OPG is entitled to receive the Subscription Payment; and
   c. a clear and legible electronic copy of a payment authorization approved by the Deputy Minister of Energy or authorized delegate in the form attached as Schedule C to this MOU (the "Payment Authorization").

c) Upon receipt of the executed and approved Share Subscription, the Certificate and the Payment Authorization, the OFA will make the Subscription Payment on behalf of the Ministry, in the amount of the Share Subscription.

d) The OFA shall not be required to make any Subscription Payment on behalf of the Ministry if the Ministry has not delivered to the OFA an executed and approved Share Subscription, the Certificate and the Payment Authorization as provided in paragraph b) above.

e) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Ministry account immediately upon the completion of the Subscription Payment or shortly thereafter.

f) The OPG wire transfer information for the Subscription Payments shall be as set out in Schedule B attached to this MOU, or as the Ministry may otherwise provide from time to time by notice in writing to the OFA.

g) The Ministry shall deliver electronically to the OFA certified copies of any

   a. delegations under paragraph b) above made by the Minister of Energy to authorize persons to execute the Share Subscription,
   b. delegations under paragraph b) above by the Deputy Minister of Energy to authorize persons to execute the Payment Authorization, and
   c. authorizations under section 11.4 (2) 1 of the FAA by the Minister of Energy or the Deputy Minister of Energy of persons to execute the Certificate.

3) Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Ministry's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive the termination of this MOU.

4) Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 of this MOU and reporting and record keeping in accordance with section 3 of this MOU. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5) Review and Termination

a) The Ministry and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on ninety (90) days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Ministry to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Ministry to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by the OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6) No Service Charges

The OFA will not charge the Ministry for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7) Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416) 325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902-2649
Email: asokan.sadasivan@ontario.ca

c) Either party may designate a different member of its staff as its contact person by providing thirty (30) days notice to the other party in accordance with section 7.

8) Notice

a) Any notice given under this MOU shall be in writing and shall be deemed effective on the date personally delivered to the party's contact person or on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

As of the date of this MOU the OFA's contact persons are:

Name: Ken Kandeepan
Title: Chief Financial and Risk Officer, Ontario Financing Authority
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-9814
Email: Ken.Kandeepan@ofina.on.ca

Name: John Kim
Title: Director, Electricity Finance Branch
Address: 1 Dundas Street West, Suite 300, Toronto, Ontario M5G 1Z3
Tel: (416) 212-6996
Email: John.Kim@ofina.on.ca

Name: John Psinas
Title: Senior Manager, Accounting and Reporting, Finance and Treasury Division
Address: 1 Dundas Street West, Suite 1400, Toronto, Ontario M5G 1Z3
Tel: (416) 325-8072
Email: John.Psinas@ofina.on.ca

As of the date of this MOU the Ministry's contact persons are:

Name: Shruti Talwar
Title: Director, Strategic Policy and Analytics
Address: 77 Grenville Street, 6th Floor, Toronto, ON, M7A, 2C1
Tel: (416)325-8698
Email: shruti.talwar@ontario.ca

Name: Asokan Sadasivan
Title: Controller
Address: 56 Wellesley Street West, 4th Floor, Toronto ON M7A 2E7
Tel: (416) 902 2649
Email: asokan.sadasivan@ontario.ca

9) Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name: Carolyn Calwell
title: Assistant Deputy Minister
(Pursuant to delegated authority)

Ontario Financing Authority

by:_____

name:
title:

SCHEDULE A

CERTIFICATE

Ministry of Energy Subscription for Class A Shares of Ontario Power Generation Inc.

Ontario Power Generation Inc. ("OPG ") has delivered to the Ministry of Energy (the "Ministry") a share subscription dated **[date]** (the "Share Subscription") pursuant to the Master Share Subscription Agreement between the Ministry and OPG dated **[date].**

The Share Subscription requests payment by the Ministry to OPG in the amount of **[amount]** as consideration for the subscription for **[number]** Class A shares of OPG (the "Subscription Payment").

The Ministry is required to pay the Subscription Payment out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made (the "Appropriated Amount").

Section 11.4 (1)(c) of the *Financial Administration Act* provides that the Subscription Payment shall not be made unless a person authorized under that section certifies that OPG is eligible for or entitled to the Subscription Payment.

I **[Minister of Energy, or Deputy Minister of Energy, or a person authorized by either of them under FAA s. 11.4**] hereby certify that

i) There is a sufficient Appropriated Amount from which to make the Subscription Payment, and
ii) OPG is entitled to the Subscription Payment.

Dated:

_____

name:

title:

SCHEDULE B

OPG's wire transfer information

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

SCHEDULE C

PAYMENT AUTHORISATION

(MINISTRY LETTER HEAD)

(DATE)

MEMORANDUM TO: Alfonso Soriano, Manager, Cash Management
Finance and Treasury Division, OFA

FROM: (Deputy Minister of Energy or authorized delegate)

SUBJECT: Authorizing the Release of Funds to Ontario Power Generation Inc.

I am hereby authorizing a payment (through wire transfer) in the amount of ($ xxx,xxx,xxx.xx), to Ontario Power Generation Inc. (OPG) as consideration for the subscription for [number] Class A Shares of OPG.

The bank account information of OPG is provided below:

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

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

The IFIS account code string to be used to record the above transaction is:

029-290505-0000-981671-141085-0000-0000-0000

Sincerely,

From:	Young, Graham (ENERGY)
To:	Gavin He
Cc:	John Kim; Bruno Amara; Shajee Kathirgamanathan; Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY)
Subject:	RE: Process and documents for first asset purchase
Date:	Monday, December 18, 2017 3:35:25 PM
Attachments:	2. FAA Authorization Form - signed.pdf 1. Delegation Resolution for the MSA - signed.pdf

Gavin,

Attached are the delegation memos.

#1- 'Delegation Resolution for the MSA' allows Carolyn to sign the Share Subscription form. It also delegates administrative functions, so that allows her to sign the payment authorization memo.

#2- 'FAA authorization form' authorizes her to certify the payment as required by S 11.4.

Thank you,
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December-18-17 2:27 PM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Bruno Amara; Kathirgamanathan,Shajee (OFA); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY)
Subject: RE: Process and documents for first asset purchase

Hi Graham,

As part of the requirements in the MOU, we also need below information from your team:

Under Section 2 (g) a, b, and c,

1. The delegation by the Minister of Energy authorising the execution of the Share Subscription by Carolyn Caldwell
2. The delegation by the Deputy Minister of Energy authorising the execution of the payment authorisation by Carolyn Caldwell, and
3. The authorisation by the Minister of Energy or the Deputy Minister of Energy under Section 11.4 of the FAA for the execution of the certificate by Carolyn Caldwell

Would you be able to provide OFA with the above delegations as well?

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, December 18, 2017 11:39 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: Process and documents for first asset purchase

Hello,

Attached are the signed:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG on Dec 20. Please let me know if there are any issues.

Thank you
Graham

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December-15-17 5:38 PM
To: Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; He, Gavin (OFA); Bruno Amara; Yep, Carlos (OFA)
Cc: WONG Evelyn -OFFCORPSEC; Kathirgamanathan,Shajee (OFA); LEE John -TREASURY; LADAK Lubna -TREASURY
Subject: RE: Process and documents for first asset purchase

Hi,
The Transfer Notice has been signed but has not been dated as it is being held in escrow. On closing the Transfer Notice will be dated effective the closing date and released from escrow.

Attached is the document package for the equity purchase with the signed but undated Transfer Notice. On closing we will provide an updated Transfer Notice with the date completed.

Thanks,
Ken

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

MINISTRY OF ENERGY AUTHORIZATION ORDER

***Financial Administration Act* (Ontario)**

I, Glenn Thibeault, as Minister of Energy and pursuant to the authority granted to the Minister under paragraph 6 of subsection 11.4(2) of the *Financial Administration Act* (Ontario), hereby authorize an Assistant Deputy Minister of Energy to certify payments out of the Consolidated Revenue Fund to Ontario Power Generation Inc. (the **"Corporation"**), in accordance with subsection 11.4(1) of the *Financial Administration Act* (Ontario) for the purposes of fulfilling the Minister's, as shareholder, obligations under and in pursuance of the Master Share Subscription Agreement entered into between the shareholder and the Corporation, dated day of November, 2017.

This authorization is effective November , 2017 until such time that it is revoked or amended.

DATED as of the 29 day of November, 2017.

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____

Glenn Thibeault
Minister of Energy

Ontario Power Generation Inc.

RESOLUTION OF THE SOLE SHAREHOLDER

WHEREAS the Shareholder and the Ontario Power Generation Inc. (the "**Corporation**") have entered into a Master Share Subscription Agreement dated , 2017 (the "**Agreement**") in the form set out in Schedule "A" to this Resolution in which the Shareholder has determined to act in accordance with that Agreement and its terms and conditions;

AND WHEREAS the Shareholder, as the Minister of Energy, has the authority by statute to acquire and hold shares of the Corporation (namely pursuant to section 53.2 of the *Electricity Act,* 1998) and the authority to delegate his statutory responsibilities (namely pursuant to section 11 of the *Ministry of Energy Act*, 2011) to the Deputy Minister of Energy;

AND WHEREAS it is both convenient and expedient for the Shareholder to so delegate the day-to-day administrative functions related to fulfilling the Shareholder's obligations under the Master Share Subscription Agreement whether of a financial or an administrative nature (the "Administrative Functions") to the Deputy Minister of Energy;

AND WHEREAS the undersigned, being the sole shareholder of the Corporation entitled to vote at meetings of the shareholders of the Corporation, by such signature hereby consents, pursuant to the provisions of the Bus*iness Corporations Act* (Ontario), to the following resolutions:

EQUITY INJECTION ADMINISTRATIVE DELEGATION RESOLUTION

BE IT RESOLVED THAT:

The Shareholder, as Minister of Energy and pursuant to the authority granted to the Minister under section 11 of the *Ministry of Energy Act*, 2011, hereby delegates the authority to carry out all Administrative Functions necessary for the proper implementation and ongoing operation of, under or in respect of the Agreement, to the Deputy Minister of Energy or to an Assistant Deputy Minister of Energy listed in Appendix "A" to this Shareholder's Resolution.

DATED as of the 29 day of November, 2017.

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By: _____
Glenn Thibeault
Minister of Energy

APPENDIX "A"

List of Approved Delegatees

1. Assistant Deputy Minister
   Energy Supply Policy Division
   Ministry of Energy

2. Assistant Deputy Minister
   Strategic, Network and Agency Policy Division
   Ministry of Energy

3. Assistant Deputy Minister & Chief Administrative Officer
   Corporate Services Division
   Ministry of Energy

From:	Gavin He
To:	Graham Young (MOI)
Cc:	John Kim; Bruno Amara; Shajee Kathirgamanathan; Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY)
Subject:	RE: Process and documents for first asset purchase
Date:	Monday, December 18, 2017 2:27:16 PM

Hi Graham,

As part of the requirements in the MOU, we also need below information from your team:

Under Section 2 (g) a, b, and c,

1. The delegation by the Minister of Energy authorising the execution of the Share Subscription by Carolyn Caldwell
2. The delegation by the Deputy Minister of Energy authorising the execution of the payment authorisation by Carolyn Caldwell, and
3. The authorisation by the Minister of Energy or the Deputy Minister of Energy under Section 11.4 of the FAA for the execution of the certificate by Carolyn Caldwell

Would you be able to provide OFA with the above delegations as well?

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, December 18, 2017 11:39 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: Process and documents for first asset purchase

Hello,

Attached are the signed:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG on Dec 20. Please let me know if there are any issues.

Thank you
Graham

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December-15-17 5:38 PM
To: Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; He, Gavin (OFA); Bruno Amara; Yep, Carlos (OFA)
Cc: WONG Evelyn -OFFCORPSEC; Kathirgamanathan,Shajee (OFA); LEE John -TREASURY; LADAK Lubna -TREASURY
Subject: RE: Process and documents for first asset purchase

Hi,
The Transfer Notice has been signed but has not been dated as it is being held in escrow. On closing the Transfer Notice will be dated effective the closing date and released from escrow.

Attached is the document package for the equity purchase with the signed but undated Transfer Notice. On closing we will provide an updated Transfer Notice with the date completed.

Thanks,
Ken

From:	RYFA Ken -TREASURY
To:	Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Gavin He; Bruno Amara; Carlos Yep
Cc:	WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan; LEE John -TREASURY; LADAK Lubna -TREASURY
Subject:	RE: Process and documents for first asset purchase
Date:	Monday, December 18, 2017 1:53:57 PM

Hi,
Just wanted to confirm the discussion between John Lee and Ken Kandeepan this morning. I understand that the Province will fund the equity injection on the morning of December 20 to help minimize any issues with closing of the first asset purchase.
Thanks,
Ken

From: RYFA Ken -TREASURY
Sent: Friday, December 15, 2017 5:38 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; 'Thouin, Alena (ENERGY)' <Alena.Thouin@ontario.ca>; 'Sawwaf, Khareem (ENERGY)' <Khareem.Sawwaf@ontario.ca>; 'Kim, John (OFA)' <John.Kim@ofina.on.ca>; 'Young, Graham (ENERGY)' <Graham.Young@ontario.ca>; 'Sud, Manu (ENERGY)' <Manu.Sud@ontario.ca>; 'Ogunrinde, Deni (ENERGY)' <Deni.Ogunrinde@ontario.ca>; 'John Psinas' <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; 'Shajee Kathirgamanathan' <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase

Hi,
The Transfer Notice has been signed but has not been dated as it is being held in escrow. On closing the Transfer Notice will be dated effective the closing date and released from escrow.

Attached is the document package for the equity purchase with the signed but undated Transfer Notice. On closing we will provide an updated Transfer Notice with the date completed.

Thanks,
Ken

<< File: MSA_Share_Subscription_Notice_First_Purchase.pdf >> << File: Transfer Notice Final version in escrow until closing.pdf >> << File: Calculation of equity for FHP 2017.pdf >>

From: RYFA Ken -TREASURY
Sent: Wednesday, December 13, 2017 9:41 AM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase

Hi,
Just wanted to let everyone know that closing has been delayed as a result of discussions this week to finalize the Change in Law Protection Agreement. The credit rating process has been delayed and closing is now targeted for Dec 20 or 21. I hope to have a final transfer amount today. The amount is still around $1.2 B.
Thanks,
Ken

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	RYFA Ken -TREASURY
To:	Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Gavin He; Bruno Amara; Carlos Yep
Cc:	WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan; LEE John -TREASURY; LADAK Lubna -TREASURY
Subject:	RE: Process and documents for first asset purchase
Date:	Friday, December 15, 2017 5:37:51 PM
Attachments:	MSA_Share_Subscription_Notice_First_Purchase.pdf Transfer Notice Final version in escrow until closing.pdf Calculation of equity for FHP 2017.pdf

---

Hi,
The Transfer Notice has been signed but has not been dated as it is being held in escrow. On closing the Transfer Notice will be dated effective the closing date and released from escrow.

Attached is the document package for the equity purchase with the signed but undated Transfer Notice. On closing we will provide an updated Transfer Notice with the date completed.

Thanks,
Ken

From: RYFA Ken -TREASURY
Sent: Wednesday, December 13, 2017 9:41 AM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase

Hi,
Just wanted to let everyone know that closing has been delayed as a result of discussions this week to finalize the Change in Law Protection Agreement. The credit rating process has been delayed and closing is now targeted for Dec 20 or 21. I hope to have a final transfer amount today. The amount is still around $1.2 B.
Thanks,
Ken

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

SUBSCRIPTION FOR SHARES

TO: **ONTARIO POWER GENERATION INC**. (the "**Corporation**")

The undersigned hereby subscribes for 12,217,616 Class A Shares of the Corporation at the price of $42.46 per share and tenders payment in full of the purchase price. The undersigned represents and warrants to the Corporation that the undersigned is purchasing such shares as principal and is a "security holder of the Corporation" within the meaning referred to in subsection (2) of section 2.4 of National Instrument 45-106 of the Canadian Securities Administrators.

Please register the shares in the name of the undersigned. The undersigned will advise the Corporation if the undersigned ceases to be the sole beneficial owner of the shares.

Distribution date: December ___, 2017

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF ENERGY

By:_____
Name:
Title:

Attachment A

Calculation of Equity Injection for

_____

Investment Asset Purchase in December 2017 representing cumulative IESO deferral to date ("Period")

(A) Purchase Price per Transfer Notice attached:	1,179,000,000.00
(B) Percentage Funded by Equity:	44%
(C) Total Equity injection required for Period (A x B):	518,760,000.00
(D) Class A Share Price pursuant to OPG Financial Statements as of September 30, 2017:	42.46
(E) Number of Class A Shares to be issued to Province (C ÷ D):	12,217,616

TRANSFER NOTICE

TO: Fair Hydro Trust
c/o Ontario Power Generation Inc., as Manager
700 University Avenue
Toronto, Ontario
M5G 1X6

Attention: Vice President, Fair Hydro Plan
Email: FHT@opg.com

This Transfer Notice is delivered to you pursuant to Section 2.1 of a master transfer and servicing agreement made as of December ____, 2017 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Master Transfer and Servicing Agreement**") between **FAIR HYDRO TRUST**, a trust formed under the laws of the Province of Ontario (the "**Issuer**"), the **INDEPENDENT ELECTRICITY SYSTEM OPERATOR** ("**Transferor**" in its capacity as transferor, "**Servicer**", in its capacity as servicer, and "**IESO**" in its capacity as both Transferor and Servicer), a statutory corporation without share capital amalgamated under the laws of the Province of Ontario. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in the Master Transfer and Servicing Agreement.

The Transferor hereby gives notice to the Issuer of its offer to transfer to the Issuer on the Closing Date set out below, the Specified Portion of the Regulatory Asset referred to below, all in accordance with the terms and conditions of the Master Transfer and Servicing Agreement. In consideration for (i) the Transferor's Transfer to the Issuer of the Specified Portion of the Regulatory Asset referred to below, the Issuer shall deliver or cause to be delivered to the Transferor on the Closing Date set out below, by wire transfer or electronic funds transfer in immediately available funds, an amount in Canadian dollars equal to the Purchase Price set out below.

Upon receipt by the Transferor of the Purchase Price on the Closing Date the Transferor shall reduce the balance of the Fair Hydro Variance Account by an amount equal to the Purchase Price, and the Regulatory Asset shall be adjusted accordingly.

Specified portion of Regulatory Asset: $1,179,000,000.00

Purchase Price: $1,179,000,000.00

Closing Date: December ____, 2017

The Transferor hereby represents, warrants and confirms that:

(i) each of the representations and warranties on the part of the Transferor contained in the Master Transfer and Servicing Agreement are true and correct in all respects on the date hereof as if made on the date hereof;

(ii) the Transferor is not in breach of any of its covenants in the Master Transfer and Servicing Agreement; and

(iii) as of the date hereof, each condition precedent that must be satisfied by the Transferor under Section 2.2 of the Master Transfer and Servicing Agreement is capable of being satisfied prior to Closing Date.

The closing shall take place at _____ (Toronto time) on the Closing Date referred to above at the offices of Torys LLP, except as may be otherwise mutually agreed. The Purchase Price shall be paid on that date by wire transfer or electronic funds transfer to:

Bank Account Name: Independent Electricity System Operator

Beneficiary Address: 1600-120 Adelaide Street West, Toronto, ON M5H 1T1

Bank: TD Bank

Bank Address: 55 King Street West, Toronto, ON, M5K 1A2

Bank ID: 0004

Transit: 10202

Account: 5509622

Swift: TDOMCATTTOR .

DATED this ____ day of December, 2017.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: K. Marshall
Name: Kim Marshall
Title: VP, Corporate Services & CFO

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this _____ day of _____, 2017.

FAIR HYDRO TRUST, by its Manager,
ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

INDEPENDENT ELECTRICITY SYSTEM OPERATOR
as Transferor

By: _____
Name:
Title:

By: _____
Name:
Title:

The undersigned hereby accepts the foregoing offer.

DATED this _____ day of _____, 2017.

FAIR HYDRO TRUST, by its Manager, **ONTARIO POWER GENERATION INC.**

By: _____
Name: Ken Hartwick
Title: Chief Financial Officer and Senior Vice President

By: _____
Name: John Lee
Title: Vice President - Treasurer

Fair Hydro Plan

Quarterly Share Price Calculation

		$ millions				$ millions				$ millions			
	2016 Q4	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Common shares	5,126.0	5,126.0	5,126.0	5,126.0									
Class A shares	0.0	0.0	0.0	0.0									
Retained Earnings	5,534.0	5,598.0	5,903.0	6,034.0									
Total equity excluding AOCI / AOCL	10,660.0	10,724.0	11,029.0	11,160.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AOCI / AOCL	(295.0)	(283.0)	(280.0)	(277.0)									
Adjusted total equity with AOCI / AOCL	10,365.0	10,441.0	10,749.0	10,883.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
# of shares:		Millions of shares				Millions of shares				Millions of shares			
Common	256.3	256.3	256.3	256.3									
Class A	0.0	0.0	0.0	0.0									
Total shares	256.3	256.3	256.3	256.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Value per share including AOCI/AOCL	**40.44**	**40.74**	**41.94**	**42.46**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Rounded to cents

From:	RYFA Ken -TREASURY
To:	Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Gavin He; Bruno Amara
Cc:	WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan; LEE John -TREASURY; LADAK Lubna -TREASURY
Subject:	RE: Process and documents for first asset purchase
Date:	Thursday, December 14, 2017 9:43:32 AM

Update – closing is now set for Dec 20. Similar to previous information actual signed documents may not be available until closing. We will provide unsigned versions as soon as we can. Thanks for the support and flexibility with this first transaction.
Ken

From: RYFA Ken -TREASURY
Sent: Wednesday, December 13, 2017 9:41 AM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Kim, John (OFA) <John.Kim@ofina.on.ca>; Young, Graham (ENERGY) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; 'Gavin He' <Gavin.He@ofina.on.ca>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; LEE John -TREASURY <john.s.lee@opg.com>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>
Subject: RE: Process and documents for first asset purchase

Hi,
Just wanted to let everyone know that closing has been delayed as a result of discussions this week to finalize the Change in Law Protection Agreement. The credit rating process has been delayed and closing is now targeted for Dec 20 or 21. I hope to have a final transfer amount today. The amount is still around $1.2 B.
Thanks,
Ken

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV;

Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	RYFA Ken -TREASURY
To:	"Talwar, Shruti (ENERGY)"; Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); John Kim; Graham Young (MOI); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Gavin He
Cc:	WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan; LEE John -TREASURY; LADAK Lubna -TREASURY
Subject:	RE: Process and documents for first asset purchase
Date:	Wednesday, December 13, 2017 9:41:07 AM

Hi,
Just wanted to let everyone know that closing has been delayed as a result of discussions this week to finalize the Change in Law Protection Agreement. The credit rating process has been delayed and closing is now targeted for Dec 20 or 21. I hope to have a final transfer amount today. The amount is still around $1.2 B.
Thanks,
Ken

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying,

conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Gavin He
To: John Kim; Bruno Amara
Cc: Shajee Kathirgamanathan
Subject: RE: Process and documents for first asset purchase
Date: Friday, December 08, 2017 8:50:17 AM

Hi John,

Sure, will do.

Regards,
Gavin He

From: John Kim
Sent: Friday, December 08, 2017 8:49 AM
To: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Thanks and could we keep all the appropriate people in the loop….Risa, for example, comes to mind. And pls. stay in contact with Shruti's people throughout so that things don't fall through cracks on 15th and 18th.

From: Gavin He
Sent: Friday, December 08, 2017 8:47 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Hi all,

I saved them under below folder:

S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Equity Injection\December

Regards,
Gavin He

From: John Kim
Sent: Friday, December 08, 2017 8:45 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>

Subject: FW: Process and documents for first asset purchase

Fyi

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Thursday, December 07, 2017 6:32 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Conference Rm:TRS <EX4725@opg.com>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Attached is a preliminary Share Subscription Notice with supporting information. Excel file has the supporting detail for the share price. Transfer Amount not finalized yet.

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	John Kim
To:	Gavin He; Bruno Amara
Cc:	Shajee Kathirgamanathan
Subject:	RE: Process and documents for first asset purchase
Date:	Friday, December 08, 2017 8:48:44 AM

Thanks and could we keep all the appropriate people in the loop….Risa, for example, comes to mind. And pls. stay in contact with Shruti's people throughout so that things don't fall through cracks on 15th and 18th.

From: Gavin He
Sent: Friday, December 08, 2017 8:47 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Hi all,

I saved them under below folder:

S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Equity Injection\December

Regards,
Gavin He

From: John Kim
Sent: Friday, December 08, 2017 8:45 AM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: FW: Process and documents for first asset purchase

Fyi

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: Thursday, December 07, 2017 6:32 PM
To: Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; John Kim <John.Kim@ofina.on.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; John Psinas <John.Psinas@ofina.on.ca>; LADAK Lubna -TREASURY <lubna.ladak@opg.com>; GRECO Clara -LAWDIV <clara.greco@opg.com>; GO Matthew -TREASURY <matthew.go@opg.com>; MATHIAS Carlton -OFFCORPSEC <carlton.mathias@opg.com>; ASTUDILLO Michelle -OFFCORPSEC <michelle.astudillo@opg.com>; MCAULEY Tyler -LAWDIV <tyler.mcauley@opg.com>; Conference

Rm:TRS <EX4725@opg.com>
Cc: WONG Evelyn -OFFCORPSEC <evelyn.wong@opg.com>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Process and documents for first asset purchase

Attached is a preliminary Share Subscription Notice with supporting information. Excel file has the supporting detail for the share price. Transfer Amount not finalized yet.

-----Original Appointment-----
From: RYFA Ken -TREASURY
Sent: Thursday, November 30, 2017 5:22 PM
To: RYFA Ken -TREASURY; Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; Conference Rm:TRS
Cc: WONG Evelyn -OFFCORPSEC; Shajee Kathirgamanathan
Subject: Process and documents for first asset purchase
When: Monday, December 04, 2017 10:00 AM-10:30 AM (UTC-05:00) Eastern Time (US & Canada).
Where: conference call 416-933-3825 conference ID 9838290# / OPG - Treasury conference room

UPDATE for OPG – location change

To discuss process steps and documents for first asset purchase.

Mock up of first Transfer Notice is attached. Certain items could not be completed such as IESO banking information.

<< File: MSA_Transfer_Notice_Mock_Up_First_Purchase.docx >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From:	Gavin He
To:	Graham Young (MOI)
Cc:	John Kim; Bruno Amara; Shajee Kathirgamanathan; Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY)
Subject:	RE: Process and documents for first asset purchase
Date:	Monday, December 18, 2017 5:25:36 PM

Hi Graham,

Thanks for providing this. However, we will need a delegation by the Deputy Minister to authorise the ADM to execute the Payment Authorisation. The Schedule C of the MOU is supposed to be from your DM to OFA, so in this case, we would need a delegation from the DM because the delegation by the Minister would not apply. Hope this clarifies the requirements.

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, December 18, 2017 3:35 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>
Subject: RE: Process and documents for first asset purchase

Gavin,

Attached are the delegation memos.

#1- 'Delegation Resolution for the MSA' allows Carolyn to sign the Share Subscription form. It also delegates administrative functions, so that allows her to sign the payment authorization memo.

#2- 'FAA authorization form' authorizes her to certify the payment as required by S 11.4.

Thank you,
Graham

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: December-18-17 2:27 PM
To: Young, Graham (ENERGY)
Cc: Kim, John (OFA); Bruno Amara; Kathirgamanathan,Shajee (OFA); Talwar, Shruti (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY)
Subject: RE: Process and documents for first asset purchase

Hi Graham,

As part of the requirements in the MOU, we also need below information from your team:

Under Section 2 (g) a, b, and c,

1. The delegation by the Minister of Energy authorising the execution of the Share Subscription by Carolyn Caldwell
2. The delegation by the Deputy Minister of Energy authorising the execution of the payment authorisation by Carolyn Caldwell, and
3. The authorisation by the Minister of Energy or the Deputy Minister of Energy under Section 11.4 of the FAA for the execution of the certificate by Carolyn Caldwell

Would you be able to provide OFA with the above delegations as well?

Thanks,
Gavin He

From: Young, Graham (ENERGY) [mailto:Graham.Young@ontario.ca]
Sent: Monday, December 18, 2017 11:39 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Talwar, Shruti (ENERGY) <Shruti.Talwar@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>; Asokan Sadasivan (MEDTE/MRI) <Asokan.Sadasivan@ontario.ca>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Yordi, Samer (ENERGY) <Samer.Yordi@ontario.ca>
Subject: Process and documents for first asset purchase

Hello,

Attached are the signed:

1. Share Subscription Form
2. FAA Certificate
3. Memo authorizing release of funds to OPG

OFA should have what it needs from ENERGY to make the payment to OPG on Dec 20. Please let me know if there are any issues.

Thank you
Graham

From: RYFA Ken -TREASURY [mailto:ken.ryfa@opg.com]
Sent: December-15-17 5:38 PM
To: Talwar, Shruti (ENERGY); Thouin, Alena (ENERGY); Sawwaf, Khareem (ENERGY); Kim, John (OFA); Young, Graham (ENERGY); Sud, Manu (ENERGY); Ogunrinde, Deni (ENERGY); John Psinas; LADAK Lubna -TREASURY; GRECO Clara -LAWDIV; GO Matthew -TREASURY; MATHIAS Carlton -OFFCORPSEC; ASTUDILLO Michelle -OFFCORPSEC; MCAULEY Tyler -LAWDIV; He, Gavin (OFA); Bruno Amara; Yep, Carlos (OFA)
Cc: WONG Evelyn -OFFCORPSEC; Kathirgamanathan,Shajee (OFA); LEE John -TREASURY; LADAK Lubna -TREASURY
Subject: RE: Process and documents for first asset purchase

Hi,
The Transfer Notice has been signed but has not been dated as it is being held in escrow. On closing the Transfer Notice will be dated effective the closing date and released from escrow.

Attached is the document package for the equity purchase with the signed but undated Transfer Notice. On closing we will provide an updated Transfer Notice with the date completed.

Thanks,
Ken

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Bonnie Lemcke
Cc: David Cross; Ken Kandeepan; Mike Manning; Ronald Kwan
Subject: RE: Question about the province"s equity injection in OPG
Date: Wednesday, July 12, 2017 11:49:07 AM

Hi Bonnie,

The Ontario Fair Hydro Plan Act legislation provides for the recovery, from eligible ratepayers, of financing costs by the financing entity, including financing done through the financing entity, OPG and indirectly by the Province, for the equity injection. The Province would, therefore, expect a return on equity from OPG which would at least cover its borrowing cost. For prudence, this recovery to match the interest cost is built into the current fiscal plan. [Not public information] In addition, the increased investment in OPG, from the equity injection, would a higher level of asset for the Province's balance sheet to offset the increased borrowing to appear on its balance sheet, thus mitigating the concern expressed in DBRS' question, i.e. no increase in net debt.

Our colleagues in FTD/CMD and GBED likely would have additional insight as well, copying here Ken and Mike in the response.

John

From: Bonnie Lemcke
Sent: Wednesday, July 12, 2017 11:02 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: David Cross <David.Cross@ofina.on.ca>
Subject: Question about the province's equity injection in OPG

DBRS is wondering if we have any details on how the province will recoup its equity investment. Do we have any details on this.
"The Province has indicated that it intends to recoup the equity investment over time but has not clarified its required return on the equity or the timing of the repayment. The Province will borrow to fund this equity investment, and in the absence of further information, DBRS considers this debt to be tax-supported debt, consistent with established practice."

Bonnie Lemcke
Manager, Credit Analysis and Rating Relations
Ontario Financing Authority
416-325-8170 (w)
416-716-4092 (m)

From: John Kim
To: Ronald Kwan
Subject: RE: Question about the province"s equity injection in OPG
Date: Wednesday, July 12, 2017 11:35:01 AM

Thanks Ron.

I think your comments would do the trick.

The Ontario Fair Hydro Plan Act legislation provides for the recovery, from eligible ratepayers, of financing costs by the financing entity, including financing done through the financing entity, OPG and indirectly by the Province, for the equity injection. The Province would, therefore, expect a return on equity from OPG which would at least cover its borrowing cost. For prudence, this recovery to match the interest cost is built into the current fiscal plan. [I am open to different views but don't personally have an issue disclosing this.] In addition, the increased investment in OPG, from the equity injection, would a higher level of asset for the Province's balance sheet to offset the increased borrowing to appear on its balance sheet, thus mitigating the concern expressed in DBRS' question, i.e. no increase in net debt.

Our colleagues in FTD/CMD and GBED likely would have additional insight as well, copying here in the response. [Copying Ken and Mike, at least.]

From: Ronald Kwan
Sent: Wednesday, July 12, 2017 11:15 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Question about the province's equity injection in OPG

Hi John,

I think there should be multiple eyes and input on this, including CEFD, CMD/FTD and GBED.

I'd think we'd want to say that the OFHP legislation provides for the recovering, from eligible ratepayers, of financing costs by the financing entity, including financing done through OPG and indirectly by the Province for the equity injection, so it might be better to say that the Province expects a return on equity from OPG to a t least cover its borrowing cost. And that for prudence, that's what's built into the fiscal plan (I'd assume the latter part could be in confidence, though I think we would have answered as such if asked in lockup or elsewhere – views?).

Please draft a response to Bonnie and loop me in.

Thanks,
Ron

From: John Kim
Sent: July-12-17 11:06
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: FW: Question about the province's equity injection in OPG

Hi Ron,

Would you agree that this is best answered by FTD and/or CMD?

I am not certain if the distinction matters given increased equity investment (part of assets in the B/S) and increased borrowing (liabilities in B/S) but not sure about the ratings practices.

Thanks,

John

From: Bonnie Lemcke
Sent: Wednesday, July 12, 2017 11:02 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: David Cross <David.Cross@ofina.on.ca>
Subject: Question about the province's equity injection in OPG

DBRS is wondering if we have any details on how the province will recoup its equity investment. Do we have any details on this.
"The Province has indicated that it intends to recoup the equity investment over time but has not clarified its required return on the equity or the timing of the repayment. The Province will borrow to fund this equity investment, and in the absence of further information, DBRS considers this debt to be tax-supported debt, consistent with established practice."

Bonnie Lemcke
Manager, Credit Analysis and Rating Relations
Ontario Financing Authority
416-325-8170 (w)
416-716-4092 (m)

From:	John Kim
To:	Bonnie Lemcke
Cc:	David Cross; Ken Kandeepan; Mike Manning; Ronald Kwan
Subject:	RE: Question about the province"s equity injection in OPG
Date:	Wednesday, July 12, 2017 1:36:08 PM

I, for one, would be fine with that. Thanks.

John

From: Bonnie Lemcke
Sent: Wednesday, July 12, 2017 11:52 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: David Cross <David.Cross@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Question about the province's equity injection in OPG

Can I share this point with him

"The Ontario Fair Hydro Plan Act legislation provides for the recovery, from eligible ratepayers, of financing costs by the financing entity, including financing done through the financing entity, OPG and indirectly by the Province, for the equity injection."

Bonnie

From: John Kim
Sent: Wednesday, July 12, 2017 11:49 AM
To: Bonnie Lemcke <Bonnie.Lemcke@ofina.on.ca>
Cc: David Cross <David.Cross@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Subject: RE: Question about the province's equity injection in OPG

Hi Bonnie,

The Ontario Fair Hydro Plan Act legislation provides for the recovery, from eligible ratepayers, of financing costs by the financing entity, including financing done through the financing entity, OPG and indirectly by the Province, for the equity injection. The Province would, therefore, expect a return on equity from OPG which would at least cover its borrowing cost. For prudence, this recovery to match the interest cost is built into the current fiscal plan. [Not public information] In addition, the increased investment in OPG, from the equity injection, would a higher level of asset for the Province's balance sheet to offset the increased borrowing to appear on its balance sheet, thus mitigating the concern expressed in DBRS' question, i.e. no increase in net debt.

Our colleagues in FTD/CMD and GBED likely would have additional insight as well, copying here Ken and Mike in the response.

John

From: Bonnie Lemcke
Sent: Wednesday, July 12, 2017 11:02 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: David Cross <David.Cross@ofina.on.ca>
Subject: Question about the province's equity injection in OPG

DBRS is wondering if we have any details on how the province will recoup its equity investment. Do we have any details on this.
"The Province has indicated that it intends to recoup the equity investment over time but has not clarified its required return on the equity or the timing of the repayment. The Province will borrow to fund this equity investment, and in the absence of further information, DBRS considers this debt to be tax-supported debt, consistent with established practice."

Bonnie Lemcke
Manager, Credit Analysis and Rating Relations
Ontario Financing Authority
416-325-8170 (w)
416-716-4092 (m)

From: Ronald Kwan
To: John Kim
Subject: RE: Rate Mitigation Implementation Meeting - July 27, 2017
Date: Wednesday, July 26, 2017 5:52:10 PM

Hi John,

Any update / status information on this? The meeting is tomorrow morning.

Ron

From: Ronald Kwan
Sent: July-26-17 12:39
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Rate Mitigation Implementation Meeting - July 27, 2017

Hi John,

They have the Provincial Support Agreement and the equity injection as language or documents, respectively, finalised by the end of July.

Would you check on the status of both.

Thanks,
Ron

From: Gadi Mayman
Sent: July-26-17 09:39
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fw: Rate Mitigation Implementation Meeting - July 27, 2017

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Wednesday, July 26, 2017 9:23 AM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); "jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo - CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS)
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Edwards, Matthew (ENERGY); Patrick Laughton (MOF); David Barrett
Subject: Rate Mitigation Implementation Meeting - July 27, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

From: Gavin He
To: John Kim
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Tuesday, November 07, 2017 2:15:39 PM
Attachments: Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX

Hi John,

It seems that the subscription form and certificate should be included as part of the Master Subscription agreement provided by OPG. The last version we I found was from June 2017, do you know if there's an updated version?

I found it under below folder:
S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Implementation\Master Subscription Agreement

Regards,
Gavin He

From: Gavin He
Sent: Tuesday, November 07, 2017 11:19 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John,

I checked in with Ken R. and he said that the subscription form is a schedule to the subscription agreement between MoE and OPG, so it seems that Energy would provide us with that. Do you agree that's the case?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Tuesday, November 07, 2017 10:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The subscription form is a schedule to the subscription agreement between MoE and OPG. I do not have a current draft of that agreement.

Ken

Sent from my iPhone

On Nov 7, 2017, at 10:46 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Do we have an example of the subscription form from the past? Or would Energy have that already?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Monday, November 06, 2017 11:46 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** Re: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> I have not heard back from Ken about the certificate.
>
> Ken
>
> Sent from my iPhone
>
> On Nov 6, 2017, at 11:20 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:
>
> > Hi Ken,
> >
> > Thanks for the feedback.
> >
> > Also, do you know if Ken K. was able to find an example of the certificate?
> >
> > Thanks,
> > Gavin He
> >
> > ---
> >
> > **From:** Kenneth Russell
> > **Sent:** Monday, November 06, 2017 11:16 AM
> > **To:** Gavin He <Gavin.He@ofina.on.ca>
> > **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
> >
> > Gavin

My comments are attached.

Ken

From: Gavin He
Sent: Friday, November 03, 2017 5:23 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Thanks for the clarification on the process. To help make the process more clear, I have proposed some edits to the MOU. Could you please review and let me know if that works?

I added some more wording on the process based on our conversation, to state that, OPG will send the subscription form to MOE, which MOE will review and complete their due diligence. Once that's done, their Deputy of the Minister will provide us a copy of the certification under s.11.4 of the FAA, and OFA will then process the payment.

Please let me know if there's anything I misunderstood. Have a great weekend.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Friday, November 03, 2017 11:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

Section 11.4 of the FAA does not specify a time for the delivery of the certificate. In the case at hand the certificate could be provided at the time the subscription form is executed by MoE. The certificate cannot be executed prior to that time because the certificate will state that OPG is entitled to the payment which will not be the case until the subscription form is executed.

A copy of the certificate could be provided to the OFA at the same time as OFA is provided a copy of the executed subscription form, and this would in fact be the best practice.

Ken

From: Gavin He
Sent: Friday, November 03, 2017 11:05 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

IESO has a question about the s.11.4 certificate. Currently, our draft MOU says:

"(ii) The Minister shall ensure that the certificate under section 11.4 of the Financial Administration Act (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within [*] days after the Subscription Payment is made."

Is there a reason why the certificate is to be delivered after the subscription payment is made but not before?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Monday, October 30, 2017 11:13 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

John

Am I right that you want me to prepare a draft that includes the revisions which are not objectionable?

I want to reiterate that the draft received back from MoE substantially

changes the role from what I understand that the OFA has agreed.

Under the MoE draft

1. The subscription form is provided by OPG to MoE and the OFA. I note that since the OFA is not a party to the master subscription agreement and OPG is not a party to this MOU the source of this obligation for OPG is not clear.
2. The OFA then agrees to pay the amount requested by OPG based on an annual payment direction provided by MoE unless MoE notifies the OFA that the payment is not to be made.
3. The provision in the OFA draft for MoE to deliver a copy of the signed subscription form to the OFA is deleted.
4. The OFA is to deliver the s. 11.4 FAA certificate.
5. The limited responsibility of the OFA set out in s. 4 of the OFA draft is deleted.

This process takes the OFA far beyond the simple payments function contemplated in the OFA draft MOU.

It seems to me that MoE is attempting to avoid responsibilities which it cannot avoid.

The share subscription transaction requires that the subscription form be executed by MoE. To execute the form MoE will be required to confirm that the amount requested is appropriate. Having done this there is no reason why MoE should not also execute the s. 11.4 certificate. I also do not understand why this process could not easily include the provision of notice to the OFA to make the payment.

The process proposed by MoE appears to contemplate that the request by OPG is in the nature of an invoice which could simply be paid by the OFA. This fails to recognise the necessity for the subscription form to be executed before payment can be made. The subscription form can only be executed by MoE.

Would it be worthwhile to pursue these issues with MoE before preparing a further draft or do you prefer to send over the OFA draft, modified to reflect the MoE terminology changes?

Ken

From: John Kim
Sent: Monday, October 30, 2017 12:56 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>

Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Sure, we throw at them hopefully a starting point we can live with….and likely it will come back so we will share that with you soon.

Thanks,

John

From: Kenneth Russell
Sent: Monday, October 30, 2017 12:52 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

John and Gavin

There are some changes in terminology in the MoE draft which could could be incorporated into the OFA draft if you wish if the direction of the OFA draft is confirmed.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, October 26, 2017 10:51 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>

Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.

Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.

Ken

From: Gavin He
Sent: Thursday, October 26, 2017 9:16 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.
>
> Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
> **Sent:** Thursday, July 20, 2017 9:59 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
> **Subject:** Revising OFA MOU with Energy to include Fair Hydro Programs

Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please

notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

DRAFT: JUNE 22, 2017

MASTER SHARE SUBSCRIPTION AGREEMENT

among

MINISTER OF ENERGY

- and –

ONTARIO POWER GENERATION

- and -

ONTARIO FINANCING AUTHORITY

Dated as of ■, 2017

EXHIBITS

Exhibit A	--	Share Subscription Form
Exhibit B	--	Subscription Supporting Information
Exhibit C	--	Receipt and Certificate
Exhibit D	--	Payment/Wire Transfer instructions
Exhibit E	--	Share Redemption Process

MASTER SHARE SUBSCRIPTION AGREEMENT

THIS AGREEMENT made as of ■, 2017.

AMONG:

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Energy

(the "**Minister**")

- and -

ONTARIO POWER GENERATION INC., a corporation established under the laws of the Province of Ontario

("OPG")

- and -

ONTARIO FINANCING AUTHORITY, a [ ]

(the "**OFA**")

Background

1. The Government of Ontario enacted the *Ontario Fair Hydro Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP"). The Act's purpose is, among other things, to ensure that clean energy costs and clean energy benefits are fairly allocated among present and future specified consumers.

2. The Act and the regulations promulgated under the Act (the "Regulations") creates certain assets related to the deferral of electricity charges (the "Assets"), which Assets will be acquired from the Independent Electricity System Operator ("IESO") by the special purpose financing entity established by OPG to implement the financing plan to fund the deferral under the Act (the "Fair Hydro Trust") **[NTD: use "Financing Entity"??].**

3. The Fair Hydro Trust will acquire the Assets monthly from IESO and finance them in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to fund up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding the Fair Hydro Trust's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG [will amend] [has amended] its articles to create a new class of non-voting, redeemable shares (the "Class A Shares"). The Minister will subscribe for Class A Shares monthly in accordance with the process set forth in this Agreement and OPG will in turn invest these amounts in subordinated debt of the Fair Hydro Trust.

6. OPG will be entitled from time to time to redeem or buy back outstanding Class A Shares in connection with repayment of the Fair Hydro Trust subordinated debt or other purposes as may be approved by the OPG board of directors.

7. The Minister and the OFA have entered into a service level agreement (the "SLA") which provides the OFA with authority to provide cash management services to facilitate the share purchases on an ongoing basis on behalf of the Minister.

8. The parties desire to set out in this Agreement the process and mechanisms by which the equity injections and share purchases will occur and their respective roles and responsibilities in the Equity Injection Plan.

NOW THEREFORE the parties hereto agree as follows:

1. Confirmation of Equity Injection and Use of Funds

1.1 The Minister commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations, by way of equity subscriptions in OPG.

1.2 OPG agrees to use the equity received from the Minister solely to lend as subordinated debt to the Fair Hydro Trust to fund the Fair Hydro Trust's obligations under the [Master Sale and Servicing Agreement][**NTD: confirm name]** between the IESO and the Fair Hydro Trust, and the Act and Regulations.

2. Monthly Share Subscription Process

2.1 The Minister, through the OFA, will subscribe for and purchase Class A Shares from OPG monthly, in an amount, and for a value, as determined by OPG in accordance with paragraph 2.2 below.

2.2 Each month, coincident with the asset acquisition to be made by the Fair Hydro Trust from the IESO under the [Master Sale and Servicing Agreement], OPG will provide notice to the Minister and the OFA of the amount of equity injection required and the corresponding number of shares to be issued by OPG and subscribed by the Minister. This notice will be in the form of the Share Subscription attached as Exhibit A. OPG will also provide reasonable supporting information for the values and amounts set out in the Share Subscription, in the form of the Subscription Supporting Information attached as Exhibit B.

2.3 For purposes of providing the reasonable supporting information required under paragraph 2.2 above, OPG agrees:

(i) that the value of the monthly equity injection/share subscription amount will reflect the monthly funding requirements of the Fair Hydro Trust acquisitions under the [Master Sale and Servicing Agreement],; and

(ii) Class A Shares will be issued to the Minister at a value per share equal to their book value as determined from OPG's last approved quarterly financial statements. **[NTD: do we need any more specificity here?]**

2.4 Within [five] Business Days of receipt of the notice and supporting information described in paragraph 2.2, the OFA will deliver the executed Share Subscription to OPG and wire transfer, in immediately available funds, the required equity funds in accordance with the payment instructions set out in Exhibit D or as may be otherwise provided by OPG from time to time. For purposes of this Agreement, "Business Day" means any day other than a Saturday, a Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law, regulation or executive order to be closed.

2.5 OPG will issue a receipt to the Minister and the OFA, in the form of Exhibit C attached, confirming receipt of the equity amount and certifying as to the update of OPG's corporate share register with issue of the shares in the name of the Minister.

2.6 The first equity injection/share subscription will occur [August x 2017] (the "Initial Equity Injection"). Equity injections will continue monthly so long as the Fair Hydro Trust is purchasing assets and incurring debt obligations, including subordinated debt in favour of OPG, pursuant to the Act and Regulations.

3. Equity Requirement Forecasts and Approvals

3.1 OPG will prepare and submit forecasts of equity requirements for the applicable business planning period as part of its business plan submissions to the Shareholder in accordance with the Memorandum of Agreement between the Minister and OPG effective July 17, 2015 (the "MOA") as amended, restated or replaced from time to time. For clarity, OPG will submit annually, as part of its business plan submissions, the FHP equity requirements forecast for the upcoming 3 years.

3.2 OPG's equity requirement forecast submissions will include all reasonable supporting information and documentation. **[NTD: any more specificity required?]**

3.3 The OFA and the Minister confirm that OPG's equity requirement forecasts submitted with OPG's business plans will not require concurrence by the Shareholder as set out in the MOA.

3.4 In accordance with the submissions made under paragraph 3.1 above, the Minister will update the appropriations for the upcoming 3 year cycle through the PRRT process, including 3 year rolling estimates along with supporting information as provided by OPG through its business planning process.**[NTD: clarify that purpose of this clause is to confirm Energy will seek out and obtain required appropriations]**

4. Share Redemption Process

5.1 The Minister and OPG agree to set out the required process for any future redemption by OPG of outstanding Class A Shares in an appendix to this Agreement and attach it as Exhibit E. Exhibit E will be finalized before the first share redemption [and in any case no later than [90] Business Days before the effective date of such redemption].**[NTD: confirm if need timeframe]**

6. Miscellaneous

6.1 Notices

Any notice, report or other communication to be given under this Agreement will be in writing and will be effective (a) upon receipt when sent by mail or courier, (b) on the date personally delivered to an authorized officer of the party to which sent, or (c) on the date transmitted by electronic transmission with a confirmation of receipt in all cases, addressed as follows:

in the case of the Minister:

■

in the case of the OFA:

■

in the case of OPG:

Ontario Power Generation Inc.
700 University Avenue

Toronto, Ontario
M5G 1X6

Attention: ■
Email: ■

and

Attention: ■
Email: ■

Each party may by notice given as above to the other party or parties hereto, designate any further or different address to which subsequent notices, reports and other communications will be sent.

6.2 Separate Counterparts; Electronic Delivery

This Agreement may be executed by the parties in separate counterparts, each of which when so executed and delivered will be considered an original, but all such counterparts together constitute but one and the same instrument. Delivery of an executed signature page to this Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

MINISTER OF ENERGY

_____

ONTARIO POWER GENERATION INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

ONTARIO FINANCING AUTHORITY

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

SHARE SUBCRIPTION FORM

See attached

EXHIBIT B

SUBSCRIPTION SUPPORTING INFORMATION

[NTD: TBD what will support monthly equity injection calculation; for example Transfer Notice? Invoice?]

Exhibit C

FORM OF RECEIPT/OFFICER'S CERTIFICATE

EXHIBIT D

Payment/Wire Transfer Instructions

Bank: Bank of Nova Scotia
Address: 44 King Street West Toronto, Ontario MSH 1H1
SWIFT Code: NOSCCATT
Branch Transit: 47696
Bank Code: 002
Account Number: 476960302716

EXHIBIT E

SHARE REDEMPTION PROCESS

TBD

From:	Shajee Kathirgamanathan
To:	John Kim; Gavin He
Subject:	RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date:	Thursday, July 20, 2017 1:55:40 PM

I took a quick glance, it might have to do with the government funding of the RRRP, OESP and other programs, not GA deferral.

Having said that I was surprised something as big as GA deferral came through this channel rather than the OFA proper (Gadi's office).

Will get back at Energy to confirm.

Shajee

From: John Kim
Sent: Thursday, July 20, 2017 1:43 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

So in the entirety of FHP, Energy is asking us to make the payment for the equity injection part, no? OREC is ongoing since Jan 1 2017?

The OPG funded part, the 56%, would be settled by OPG.

Is that a fair statement?

From: Shajee Kathirgamanathan
Sent: July-20-17 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Not sure about the GA deferral, I assume that's what this MOU is about.

We do have it for OREC, that's why we receive the invoices.

From: John Kim
Sent: Thursday, July 20, 2017 1:38 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Is it fair to say the payment facilitation we have for Energy is the already in place OREC and the GA deferral?

John

From: Gavin He
Sent: July-20-17 10:53 AM
To: John Kim <John.Kim@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John/Shajee,

It was Ken R. who worked with us on this. Also, FTD was consulted on this too.

Regards,
Gavin He

From: John Kim
Sent: Thursday, July 20, 2017 10:46 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

We need to run this by OFA Legal before anything……so let's focus on that first and then worry about other areas tomorrow.

Not sure who it was whether Ken or Lisa.

That said, let's look at the NI numbers as a priority this morning.

From: Shajee Kathirgamanathan
Sent: July-20-17 10:44 AM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John,

Energy is asking for comments on the MOU. We can review, but considering this is FHP, I assume other areas of the OFA are involved, no?

I think I bought some time, but at the very least we can give other areas a heads up. I remember reviewing the OREC MOU, but forgot who we had to deal with outside our branch. Gavin, I know Salman was working on it, would you know as well?

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 10:25 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Shajee,

Please find the document attached. The timeline has some leeway, but we would like to get through this process as soon as possible. Also for reference, the mechanics of the Fair Hydro Plan processes that will involve the OFA are quite similar to the OREC.

Thank you for following up on this.

-Robert
(416) 325-6899

From: Shajee Kathirgamanathan [mailto:Shajee.Kathirgamanathan@ofina.on.ca]
Sent: July 20, 2017 10:22 AM
To: Hunter, Robert A. (ENERGY); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Robert,

I didn't get the attachment in the previous email.

On the timeline for July 24 EOD, please note we may have to involve other areas of the OFA (legal, capital markets, or treasury division), particularly as unlike the OREC MOU which had the prior OCEB MOU to be based on, the mechanics behind the FHP may be different. If it's a hard deadline, it might be helpful to send this via more senior channels.

We'll do what we can for now.

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY)

<Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Shajee Kathirgamanathan
To:	John Kim; Gavin He
Subject:	RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date:	Thursday, July 20, 2017 1:39:22 PM

Not sure about the GA deferral, I assume that's what this MOU is about.

We do have it for OREC, that's why we receive the invoices.

From: John Kim
Sent: Thursday, July 20, 2017 1:38 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Is it fair to say the payment facilitation we have for Energy is the already in place OREC and the GA deferral?

John

From: Gavin He
Sent: July-20-17 10:53 AM
To: John Kim <John.Kim@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John/Shajee,

It was Ken R. who worked with us on this. Also, FTD was consulted on this too.

Regards,
Gavin He

From: John Kim
Sent: Thursday, July 20, 2017 10:46 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

We need to run this by OFA Legal before anything……so let's focus on that first and then worry about other areas tomorrow.

Not sure who it was whether Ken or Lisa.

That said, let's look at the NI numbers as a priority this morning.

From: Shajee Kathirgamanathan
Sent: July-20-17 10:44 AM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John,

Energy is asking for comments on the MOU. We can review, but considering this is FHP, I assume other areas of the OFA are involved, no?

I think I bought some time, but at the very least we can give other areas a heads up. I remember reviewing the OREC MOU, but forgot who we had to deal with outside our branch. Gavin, I know Salman was working on it, would you know as well?

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 10:25 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Shajee,

Please find the document attached. The timeline has some leeway, but we would like to get through this process as soon as possible. Also for reference, the mechanics of the Fair Hydro Plan processes that will involve the OFA are quite similar to the OREC.

Thank you for following up on this.

-Robert
(416) 325-6899

From: Shajee Kathirgamanathan [mailto:Shajee.Kathirgamanathan@ofina.on.ca]
Sent: July 20, 2017 10:22 AM
To: Hunter, Robert A. (ENERGY); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Robert,

I didn't get the attachment in the previous email.

On the timeline for July 24 EOD, please note we may have to involve other areas of the OFA (legal, capital markets, or treasury division), particularly as unlike the OREC MOU which had the prior OCEB MOU to be based on, the mechanics behind the FHP may be different. If it's a hard deadline, it might be helpful to send this via more senior channels.

We'll do what we can for now.

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1

Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: John Kim; Shajee Kathirgamanathan
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Thursday, July 20, 2017 10:52:46 AM

Hi John/Shajee,

It was Ken R. who worked with us on this. Also, FTD was consulted on this too.

Regards,
Gavin He

From: John Kim
Sent: Thursday, July 20, 2017 10:46 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

We need to run this by OFA Legal before anything……so let's focus on that first and then worry about other areas tomorrow.

Not sure who it was whether Ken or Lisa.

That said, let's look at the NI numbers as a priority this morning.

From: Shajee Kathirgamanathan
Sent: July-20-17 10:44 AM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John,

Energy is asking for comments on the MOU. We can review, but considering this is FHP, I assume other areas of the OFA are involved, no?

I think I bought some time, but at the very least we can give other areas a heads up. I remember reviewing the OREC MOU, but forgot who we had to deal with outside our branch. Gavin, I know Salman was working on it, would you know as well?

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 10:25 AM

To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Shajee,

Please find the document attached. The timeline has some leeway, but we would like to get through this process as soon as possible. Also for reference, the mechanics of the Fair Hydro Plan processes that will involve the OFA are quite similar to the OREC.

Thank you for following up on this.

-Robert
(416) 325-6899

From: Shajee Kathirgamanathan [mailto:Shajee.Kathirgamanathan@ofina.on.ca]
Sent: July 20, 2017 10:22 AM
To: Hunter, Robert A. (ENERGY); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Robert,

I didn't get the attachment in the previous email.

On the timeline for July 24 EOD, please note we may have to involve other areas of the OFA (legal, capital markets, or treasury division), particularly as unlike the OREC MOU which had the prior OCEB MOU to be based on, the mechanics behind the FHP may be different. If it's a hard deadline, it might be helpful to send this via more senior channels.

We'll do what we can for now.

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kenneth Russell
To: Gavin He
Cc: John Kim
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Friday, November 03, 2017 11:31:35 AM

Gavin

Section 11.4 of the FAA does not specify a time for the delivery of the certificate. In the case at hand the certificate could be provided at the time the subscription form is executed by MoE. The certificate cannot be executed prior to that time because the certificate will state that OPG is entitled to the payment which will not be the case until the subscription form is executed.

A copy of the certificate could be provided to the OFA at the same time as OFA is provided a copy of the executed subscription form, and this would in fact be the best practice.

Ken

From: Gavin He
Sent: Friday, November 03, 2017 11:05 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

IESO has a question about the s.11.4 certificate. Currently, our draft MOU says:

"(ii) The Minister shall ensure that the certificate under section 11.4 of the Financial Administration Act (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within [*] days after the Subscription Payment is made."

Is there a reason why the certificate is to be delivered after the subscription payment is made but not before?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Monday, October 30, 2017 11:13 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

John

Am I right that you want me to prepare a draft that includes the revisions which are not objectionable?

I want to reiterate that the draft received back from MoE substantially changes the role from what I understand that the OFA has agreed.

Under the MoE draft

1. The subscription form is provided by OPG to MoE and the OFA. I note that since the OFA is not a party to the master subscription agreement and OPG is not a party to this MOU the source of this obligation for OPG is not clear.
2. The OFA then agrees to pay the amount requested by OPG based on an annual payment direction provided by MoE unless MoE notifies the OFA that the payment is not to be made.
3. The provision in the OFA draft for MoE to deliver a copy of the signed subscription form to the OFA is deleted.
4. The OFA is to deliver the s. 11.4 FAA certificate.
5. The limited responsibility of the OFA set out in s. 4 of the OFA draft is deleted.

This process takes the OFA far beyond the simple payments function contemplated in the OFA draft MOU.

It seems to me that MoE is attempting to avoid responsibilities which it cannot avoid.

The share subscription transaction requires that the subscription form be executed by MoE. To execute the form MoE will be required to confirm that the amount requested is appropriate. Having done this there is no reason why MoE should not also execute the s. 11.4 certificate. I also do not understand why this process could not easily include the provision of notice to the OFA to make the payment.

The process proposed by MoE appears to contemplate that the request by OPG is in the nature of an invoice which could simply be paid by the OFA. This fails to recognise the necessity for the subscription form to be executed before payment can be made. The subscription form can only be executed by MoE.

Would it be worthwhile to pursue these issues with MoE before preparing a further draft or do you prefer to send over the OFA draft, modified to reflect the MoE terminology changes?

Ken

From: John Kim
Sent: Monday, October 30, 2017 12:56 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>

Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Sure, we throw at them hopefully a starting point we can live with….and likely it will come back so we will share that with you soon.

Thanks,

John

From: Kenneth Russell
Sent: Monday, October 30, 2017 12:52 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

John and Gavin

There are some changes in terminology in the MoE draft which could could be incorporated into the OFA draft if you wish if the direction of the OFA draft is confirmed.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, October 26, 2017 10:51 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have

signed off.

Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.

Ken

From: Gavin He
Sent: Thursday, October 26, 2017 9:16 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,

Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.

Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.

Thanks,
Gavin He

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

From: Gavin He
To: Kenneth Russell
Cc: John Kim
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Friday, November 03, 2017 11:05:17 AM

Hi Ken,

IESO has a question about the s.11.4 certificate. Currently, our draft MOU says:

"(ii) The Minister shall ensure that the certificate under section 11.4 of the Financial Administration Act (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within [*] days after the Subscription Payment is made."

Is there a reason why the certificate is to be delivered after the subscription payment is made but not before?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Monday, October 30, 2017 11:13 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

John

Am I right that you want me to prepare a draft that includes the revisions which are not objectionable?

I want to reiterate that the draft received back from MoE substantially changes the role from what I understand that the OFA has agreed.

Under the MoE draft

1. The subscription form is provided by OPG to MoE and the OFA. I note that since the OFA is not a party to the master subscription agreement and OPG is not a party to this MOU the source of this obligation for OPG is not clear.
2. The OFA then agrees to pay the amount requested by OPG based on an annual payment direction provided by MoE unless MoE notifies the OFA that the payment is not to be made.
3. The provision in the OFA draft for MoE to deliver a copy of the signed subscription form to the OFA is deleted.
4. The OFA is to deliver the s. 11.4 FAA certificate.

5. The limited responsibility of the OFA set out in s. 4 of the OFA draft is deleted.

This process takes the OFA far beyond the simple payments function contemplated in the OFA draft MOU.

It seems to me that MoE is attempting to avoid responsibilities which it cannot avoid.

The share subscription transaction requires that the subscription form be executed by MoE. To execute the form MoE will be required to confirm that the amount requested is appropriate. Having done this there is no reason why MoE should not also execute the s. 11.4 certificate. I also do not understand why this process could not easily include the provision of notice to the OFA to make the payment.

The process proposed by MoE appears to contemplate that the request by OPG is in the nature of an invoice which could simply be paid by the OFA. This fails to recognise the necessity for the subscription form to be executed before payment can be made. The subscription form can only be executed by MoE.

Would it be worthwhile to pursue these issues with MoE before preparing a further draft or do you prefer to send over the OFA draft, modified to reflect the MoE terminology changes?

Ken

From: John Kim
Sent: Monday, October 30, 2017 12:56 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Sure, we throw at them hopefully a starting point we can live with….and likely it will come back so we will share that with you soon.

Thanks,

John

From: Kenneth Russell
Sent: Monday, October 30, 2017 12:52 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

John and Gavin

There are some changes in terminology in the MoE draft which could could be incorporated into the OFA draft if you wish if the direction of the OFA draft is confirmed.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, October 26, 2017 10:51 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.
>
> Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.
>
> Ken
>
> ---
>
> **From:** Gavin He
> **Sent:** Thursday, October 26, 2017 9:16 AM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Hi Ken,
>
> Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we

should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.
>
> Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
> **Sent:** Thursday, July 20, 2017 9:59 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>;

Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

From: Kenneth Russell
To: John Kim
Cc: Gavin He
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Monday, October 30, 2017 11:13:20 PM

John

Am I right that you want me to prepare a draft that includes the revisions which are not objectionable?

I want to reiterate that the draft received back from MoE substantially changes the role from what I understand that the OFA has agreed.

Under the MoE draft

1. The subscription form is provided by OPG to MoE and the OFA. I note that since the OFA is not a party to the master subscription agreement and OPG is not a party to this MOU the source of this obligation for OPG is not clear.
2. The OFA then agrees to pay the amount requested by OPG based on an annual payment direction provided by MoE unless MoE notifies the OFA that the payment is not to be made.
3. The provision in the OFA draft for MoE to deliver a copy of the signed subscription form to the OFA is deleted.
4. The OFA is to deliver the s. 11.4 FAA certificate.
5. The limited responsibility of the OFA set out in s. 4 of the OFA draft is deleted.

This process takes the OFA far beyond the simple payments function contemplated in the OFA draft MOU.

It seems to me that MoE is attempting to avoid responsibilities which it cannot avoid.

The share subscription transaction requires that the subscription form be executed by MoE. To execute the form MoE will be required to confirm that the amount requested is appropriate. Having done this there is no reason why MoE should not also execute the s. 11.4 certificate. I also do not understand why this process could not easily include the provision of notice to the OFA to make the payment.

The process proposed by MoE appears to contemplate that the request by OPG is in the nature of an invoice which could simply be paid by the OFA. This fails to recognise the necessity for the subscription form to be executed before payment can be made. The subscription form can only be executed by MoE.

Would it be worthwhile to pursue these issues with MoE before preparing a further draft or do you prefer to send over the OFA draft, modified to reflect the MoE terminology changes?

Ken

From: John Kim
Sent: Monday, October 30, 2017 12:56 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Sure, we throw at them hopefully a starting point we can live with….and likely it will come back so we will share that with you soon.

Thanks,

John

From: Kenneth Russell
Sent: Monday, October 30, 2017 12:52 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

John and Gavin

There are some changes in terminology in the MoE draft which could could be incorporated into the OFA draft if you wish if the direction of the OFA draft is confirmed.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, October 26, 2017 10:51 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>

Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.

Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.

Ken

From: Gavin He
Sent: Thursday, October 26, 2017 9:16 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

Hi Ken,

Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.

Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.

Thanks,
Gavin He

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review**

the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

From: Gavin He
To: John Kim; Kenneth Russell
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Monday, October 30, 2017 10:19:41 AM

Hi John,

Sure, will do.

Regards,
Gavin He

From: John Kim
Sent: Monday, October 30, 2017 9:26 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Thanks Ken.

Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?

Thanks,

John

From: Kenneth Russell
Sent: Thursday, October 26, 2017 10:51 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.

Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.

Ken

From: Gavin He
Sent: Thursday, October 26, 2017 9:16 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>

Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.
>
> Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.
>
> Thanks,
> Gavin He

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

From:	Kenneth Russell
To:	Gavin He
Cc:	John Kim
Subject:	RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date:	Thursday, October 26, 2017 10:51:05 AM
Attachments:	OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx OFA - MoE MOU Fair Hydro Plan(v6)clean.docx

---

Gavin

The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.

Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.

Ken

From: Gavin He
Sent: Thursday, October 26, 2017 9:16 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.
>
> Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
> **Sent:** Thursday, July 20, 2017 9:59 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
> **Subject:** Revising OFA MOU with Energy to include Fair Hydro Programs
> **Importance:** High
>
> Hi Gavin,
>
> I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?
>
> The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.
>
> We are on a bit of a time crunch as we would like to have this in place before payments

need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (~~the~~ "~~**Minister**~~**ENERGY**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. ~~The Minister~~ENERGY has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. ~~The Minister~~ENERGY will subscribe for Class A Shares [monthly].

7. Each [month] OPG will deliver to ~~the Minister~~[ENE Representative and OFA representative] a share subscription form (the "Share Subscription") setting out the

amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by ~~the Minister~~ENERGY. OPG will also include supporting documentation, including the Transfer Notice from the IESO outlining the amount of the regulatory asset to be purchased by OPG, as well as the calculation to determine the Subscription payment required at that time.

~~7.~~

8. ~~The Minister~~ENERGY is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

~~8.~~10. ~~The Minister~~ENERGY has advised the OFA that ~~the Minister~~ENERGY is required to make the Subscription Payments within [*] business days of the receipt ~~by the Minister~~ of the Share Subscription (the "Share Subscription Payment Date").

~~9.~~11. ~~The Minister~~ENERGY considers it advisable for the OFA to make the Subscription Payments on behalf of ~~the Minister~~ENERGY and the OFA has agreed to make the Subscription Payments on behalf of ~~the Minister~~ENERGY.

~~10.~~12. ~~The Minister~~ENERGY and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

~~The Minister~~ENERGY and the OFA agree as follows:

1. Payment Authorization

(i) ~~The Minister~~ENERGY authorizes the OFA to make the Subscription Payments on behalf of ~~the Minister~~ENERGY and the OFA agrees to make the Payments on behalf of the ~~Minister~~ENERGY.

(ii) ENERGY will provide payment directions to the OFA on an annual basis enabling OFA to authorize payments up to the Appropriated Amount.

(iii) ENERGY commits to indicate within 3 days after receipt of the Share Subscription to notify the OFA in the event a Subscription Payment should not be made, otherwise the OFA is to proceed with the Subscription Payment each [month].

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", Space After: 10 pt, No bullets or numbering

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Normal, Indent: Left: 1.03", No bullets or numbering

~~(i)~~

~~(ii)~~(iv) In accordance with 11.4 (2) of the Financial Administration Act (reproduced as Schedule A to this MOU), the Minister of Energy authorizes the OFA to ~~The Minister shall ensure that~~provide the certificate under section 11.4 of the *Financial Administration Act* ~~(reproduced as Schedule A to this MOU)~~ required for each of the Subscription Payments ~~is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.~~

~~(iii)~~(v) It is agreed by ~~the Minister~~ENERGY and the OFA that the OFA is acting as an agent, on behalf of ~~the Minister~~ENERGY, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of ~~the Minister~~ENERGY as further described in this MOU.

2. Payment Process

~~a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.~~

~~b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.~~

~~c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.~~

~~d)~~a) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined ~~Minister~~ ENERGY account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

Commented [KC1]: The intent here is that ENE will do all the necessary due diligence, and monitor the payments etc. just trying to give OFA comfort/authority to move forward each month without requiring us to provide instructions each month to do so.

Formatted: Normal, Indent: Left: 0.25", No bullets or numbering

Formatted: Font: (Default) Arial

Commented [KC2]: OFA will be on the subscription notice that comes from OPG.

a) The OFA will deliver a notice by e-mail to the ~~Minister's~~ ENERGY contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by ~~the Minister~~ENERGY.

~~**4. Limited Role of the OFA**~~

~~The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.~~

Commented [KC3]: Don't think this is required anymore since I've outlined ENE is responsible for this above.

~~5.~~4. Review and Termination

a) ~~The Minister~~ENERGY and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by ~~the Minister~~OPG to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by ~~the Minister~~OPG to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

~~6.~~5. No Service Charges

The OFA will not charge ~~the Minister~~ENERGY for the OFA's services or for its disbursements or other expenses incurred under this MOU.

~~7.~~6. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU ~~the Minister'S~~ENERGY's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

~~8.~~7. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of ~~the Minister~~ENERGY, the addresses for notice are:
Hand Delivery:
Ministry of Energy

~~9.~~8. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Minister a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date").

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister.

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minister account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From: Gavin He
To: Kenneth Russell
Cc: John Kim
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Thursday, October 26, 2017 9:15:58 AM
Attachments: OFA - MoE MOU Fair Hydro Plan(v6)clean.docx

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.
>
> Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.

Thanks,
Gavin He

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may

contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Minister a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date").

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister.

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minister account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From:	Shajee Kathirgamanathan
To:	"Hunter, Robert A. (ENERGY)"; Gavin He
Cc:	"Dade, Christine (ENERGY)"
Subject:	RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date:	Wednesday, August 02, 2017 11:55:37 AM

Hi Robert, Christine,

Just to follow up on our discussion this morning…

There's no business case template, but a briefing note would be fine, with the rationale for this and costs should the Ministry of Energy does not utilize the OFA's payment mechanism. If there is one single monthly payment/transaction (which would include the existing OREC and FHP components), it would be helpful to emphasize that in the business case as well.

If you'd like to escalate it, please have your director get in contact with my director, John Kim.

Happy to chat further if you'd like.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Shajee Kathirgamanathan
Sent: Tuesday, August 01, 2017 5:38 PM
To: 'Hunter, Robert A. (ENERGY)' <Robert.A.Hunter@ontario.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Robert,

Thanks for following up.

My understanding is the OFA facilitates payments for large amounts, and doesn't make a habit of facilitating smaller payments. As such from my initial discussion, there doesn't seem to be much appetite to open up the OREC MOU for these additional parts of the FHP.

If it's something that is necessary on your end, I would suggest presenting a business case explaining the rationale for having the OFA handle these payments (projected amounts, settlement requirements, costs, timing etc). That might help us get a handle of how/why the OFA needs to be involved in payment facilitation for this part of the FHP.

I know that's not exactly what you were expecting at this time, but hopefully the business case (if necessary) would help.

Thanks,
Shajee

Shajee Kathirgamanathan
Office: 416-325-1402 | Mobile: 647-294-3359
shajee.kathirgamanathan@ofina.on.ca

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Tuesday, August 01, 2017 12:18 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Shajee and Gavin,

Just looking to follow-up on if there has been any progress with the MOU. Please let me know if it has stalled and I will look to get it expedited on my end.

Thanks,

-Robert
(416) 325-6899

From: Hunter, Robert A. (ENERGY)
Sent: July 20, 2017 10:25 AM
To: Kathirgamanathan,Shajee (OFA); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Shajee,

Please find the document attached. The timeline has some leeway, but we would like to get through this process as soon as possible. Also for reference, the mechanics of the Fair Hydro Plan processes that will involve the OFA are quite similar to the OREC.

Thank you for following up on this.

-Robert

(416) 325-6899

From: Shajee Kathirgamanathan [mailto:Shajee.Kathirgamanathan@ofina.on.ca]
Sent: July 20, 2017 10:22 AM
To: Hunter, Robert A. (ENERGY); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Robert,

I didn't get the attachment in the previous email.

On the timeline for July 24 EOD, please note we may have to involve other areas of the OFA (legal, capital markets, or treasury division), particularly as unlike the OREC MOU which had the prior OCEB MOU to be based on, the mechanics behind the FHP may be different. If it's a hard deadline, it might be helpful to send this via more senior channels.

We'll do what we can for now.

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	Shajee Kathirgamanathan
To:	John Kim; Gavin He
Subject:	RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date:	Thursday, July 20, 2017 1:58:35 PM

Sure will put a pin on this for now

From: John Kim
Sent: Thursday, July 20, 2017 1:57 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

No, not to get back to Energy.

Let's chat on this tomorrow. Ken R. is already working on the FHP SLA/MOU. He seems to be leaning towards combining the OREC component to that so I wanted to ask you and Gavin if there were other payment facilitation OFA does for Energy.

From: Shajee Kathirgamanathan
Sent: July-20-17 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

I took a quick glance, it might have to do with the government funding of the RRRP, OESP and other programs, not GA deferral.

Having said that I was surprised something as big as GA deferral came through this channel rather than the OFA proper (Gadi's office).

Will get back at Energy to confirm.

Shajee

From: John Kim
Sent: Thursday, July 20, 2017 1:43 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

So in the entirety of FHP, Energy is asking us to make the payment for the equity injection part, no? OREC is ongoing since Jan 1 2017?

The OPG funded part, the 56%, would be settled by OPG.

Is that a fair statement?

From: Shajee Kathirgamanathan
Sent: July-20-17 1:39 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Not sure about the GA deferral, I assume that's what this MOU is about.

We do have it for OREC, that's why we receive the invoices.

From: John Kim
Sent: Thursday, July 20, 2017 1:38 PM
To: Gavin He <Gavin.He@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Is it fair to say the payment facilitation we have for Energy is the already in place OREC and the GA deferral?

John

From: Gavin He
Sent: July-20-17 10:53 AM
To: John Kim <John.Kim@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John/Shajee,

It was Ken R. who worked with us on this. Also, FTD was consulted on this too.

Regards,
Gavin He

From: John Kim
Sent: Thursday, July 20, 2017 10:46 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

We need to run this by OFA Legal before anything……so let's focus on that first and then worry about other areas tomorrow.

Not sure who it was whether Ken or Lisa.

That said, let's look at the NI numbers as a priority this morning.

From: Shajee Kathirgamanathan
Sent: July-20-17 10:44 AM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John,

Energy is asking for comments on the MOU. We can review, but considering this is FHP, I assume other areas of the OFA are involved, no?

I think I bought some time, but at the very least we can give other areas a heads up. I remember reviewing the OREC MOU, but forgot who we had to deal with outside our branch. Gavin, I know Salman was working on it, would you know as well?

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 10:25 AM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Shajee,

Please find the document attached. The timeline has some leeway, but we would like to get through this process as soon as possible. Also for reference, the mechanics of the Fair Hydro Plan processes that will involve the OFA are quite similar to the OREC.

Thank you for following up on this.

-Robert
(416) 325-6899

From: Shajee Kathirgamanathan [mailto:Shajee.Kathirgamanathan@ofina.on.ca]
Sent: July 20, 2017 10:22 AM
To: Hunter, Robert A. (ENERGY); He, Gavin (OFA)
Cc: Dade, Christine (ENERGY); Chander, Sunita (ENERGY); Gounden, Pratima (ENERGY)
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Robert,

I didn't get the attachment in the previous email.

On the timeline for July 24 EOD, please note we may have to involve other areas of the OFA (legal, capital markets, or treasury division), particularly as unlike the OREC MOU which had the prior OCEB MOU to be based on, the mechanics behind the FHP may be different. If it's a hard deadline, it might be helpful to send this via more senior channels.

We'll do what we can for now.

Thanks,
Shajee

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: John Kim
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Tuesday, November 07, 2017 2:30:54 PM

Hi John,

I went through the attachment that you just forwarded to me, and it doesn't include the Master Subscription Agreement. I will ask Shruti whether she has an updated version then.

Regards,
Gavin He

From: John Kim
Sent: Tuesday, November 07, 2017 2:29 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Do you mind asking Shruti for it?

From: Gavin He
Sent: Tuesday, November 07, 2017 2:16 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John,

It seems that the subscription form and certificate should be included as part of the Master Subscription agreement provided by OPG. The last version we I found was from June 2017, do you know if there's an updated version?

I found it under below folder:
S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Implementation\Master Subscription Agreement

Regards,
Gavin He

From: Gavin He
Sent: Tuesday, November 07, 2017 11:19 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi John,

I checked in with Ken R. and he said that the subscription form is a schedule to the subscription agreement between MoE and OPG, so it seems that Energy would provide us with that. Do you agree that's the case?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Tuesday, November 07, 2017 10:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The subscription form is a schedule to the subscription agreement between MoE and OPG. I do not have a current draft of that agreement.

Ken

Sent from my iPhone

On Nov 7, 2017, at 10:46 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Do we have an example of the subscription form from the past? Or would Energy have that already?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Monday, November 06, 2017 11:46 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** Re: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> I have not heard back from Ken about the certificate.
>
> Ken

Sent from my iPhone

On Nov 6, 2017, at 11:20 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Thanks for the feedback.
>
> Also, do you know if Ken K. was able to find an example of the certificate?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Monday, November 06, 2017 11:16 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> My comments are attached.
>
> Ken
>
> ---
>
> **From:** Gavin He
> **Sent:** Friday, November 03, 2017 5:23 PM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Hi Ken,
>
> Thanks for the clarification on the process. To help make the process more clear, I have proposed some edits to the MOU. Could you please review and let me know if that works?
>
> I added some more wording on the process based on our conversation, to state that, OPG will send the subscription form to MOE, which MOE will review and complete their due diligence. Once that's done, their Deputy of the Minister will provide us a copy of the certification under s.11.4 of the FAA, and OFA will then process the payment.
>
> Please let me know if there's anything I misunderstood. Have a great

weekend.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Friday, November 03, 2017 11:32 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

Section 11.4 of the FAA does not specify a time for the delivery of the certificate. In the case at hand the certificate could be provided at the time the subscription form is executed by MoE. The certificate cannot be executed prior to that time because the certificate will state that OPG is entitled to the payment which will not be the case until the subscription form is executed.

A copy of the certificate could be provided to the OFA at the same time as OFA is provided a copy of the executed subscription form, and this would in fact be the best practice.

Ken

From: Gavin He
Sent: Friday, November 03, 2017 11:05 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

IESO has a question about the s.11.4 certificate. Currently, our draft MOU says:

"(ii) The Minister shall ensure that the certificate under section 11.4 of the Financial Administration Act (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within [*] days after the Subscription Payment is made."

Is there a reason why the certificate is to be delivered after the subscription payment is made but not before?

Thanks,
Gavin He

From: Kenneth Russell
Sent: Monday, October 30, 2017 11:13 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

John

Am I right that you want me to prepare a draft that includes the revisions which are not objectionable?

I want to reiterate that the draft received back from MoE substantially changes the role from what I understand that the OFA has agreed.

Under the MoE draft

1. The subscription form is provided by OPG to MoE and the OFA. I note that since the OFA is not a party to the master subscription agreement and OPG is not a party to this MOU the source of this obligation for OPG is not clear.
2. The OFA then agrees to pay the amount requested by OPG based on an annual payment direction provided by MoE unless MoE notifies the OFA that the payment is not to be made.
3. The provision in the OFA draft for MoE to deliver a copy of the signed subscription form to the OFA is deleted.
4. The OFA is to deliver the s. 11.4 FAA certificate.
5. The limited responsibility of the OFA set out in s. 4 of the OFA draft is deleted.

This process takes the OFA far beyond the simple payments function contemplated in the OFA draft MOU.

It seems to me that MoE is attempting to avoid responsibilities which it cannot avoid.

The share subscription transaction requires that the subscription form be

executed by MoE. To execute the form MoE will be required to confirm that the amount requested is appropriate. Having done this there is no reason why MoE should not also execute the s. 11.4 certificate. I also do not understand why this process could not easily include the provision of notice to the OFA to make the payment.

The process proposed by MoE appears to contemplate that the request by OPG is in the nature of an invoice which could simply be paid by the OFA. This fails to recognise the necessity for the subscription form to be executed before payment can be made. The subscription form can only be executed by MoE.

Would it be worthwhile to pursue these issues with MoE before preparing a further draft or do you prefer to send over the OFA draft, modified to reflect the MoE terminology changes?

Ken

From: John Kim
Sent: Monday, October 30, 2017 12:56 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Sure, we throw at them hopefully a starting point we can live with….and likely it will come back so we will share that with you soon.

Thanks,

John

From: Kenneth Russell
Sent: Monday, October 30, 2017 12:52 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

John and Gavin

There are some changes in terminology in the MoE draft which could could be incorporated into the OFA draft if you wish if the direction of the

OFA draft is confirmed.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, October 26, 2017 10:51 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.
>
> Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.
>
> Ken
>
> ---
>
> **From:** Gavin He
> **Sent:** Thursday, October 26, 2017 9:16 AM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.
>
> Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if

you could please provide us your feedback as soon as possible.

Thanks,
Gavin He

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please**

review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

From: Kenneth Russell
To: Bruno Amara
Cc: John Kim
Subject: RE: SLA draft
Date: Thursday, August 10, 2017 4:56:09 PM

Bruno

I have had the opportunity to review the proposed changes to the draft SLA. I have serious concerns about both the proposed procedures and the responsibilities that the OFA is being requested to undertake under this draft.

The share subscription process is monthly under the proposed program. Energy will have to sign a share subscription each month. It is not clear to me how Energy intends that it can proceed by way of an annual approval.

It is again proposed that an OFA official deliver the Section 11.4 certificate. This would place a due diligence responsibility on the OFA.

I would suggest that a meeting with John Kim next week to discuss this further.

Ken

From: Bruno Amara
Sent: Thursday, August 10, 2017 2:47 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: SLA draft

Hi Ken

Just checking to see if you had a chance to review the attached. (Copying Lisa as I at first sent this follow-up to her in error).

My understanding is that the key issue that had been discussed with Energy (through Investment Government Branch) was whether formal authorization would be required each month from the Minister of Energy for subscription payments. OFA preferred this approach, but Energy preferred an annual approval. I understand also that responsibility for due diligence was a key factor. In the attached Energy has edited to clarify that it would conduct the necessary due diligence (see 9. Below). The MOU also notes that OPG would notify both Energy and OFA of monthly subscription amounts, and that Energy would notify OPFA within 3 days if there were any issues with subscription payment to be made.

> 9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 2:28 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: SLA draft

Sure, I am off next week but pls let Bruno know of your comments.

Sent from my iPhone

On Aug 4, 2017, at 1:25 PM, Kenneth Russell <Kenneth.Russell@ofina.on.ca> wrote:

> John
>
> I am out of town today. I will be able to look at this late in the day on Monday.
>
> Ken
>
> Sent from my iPhone
>
> On Aug 4, 2017, at 1:08 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> > Hi Ken,
> >
> > Could you pls. Comment?
> >
> > John
> >
> > Begin forwarded message:

From: "Montgomery, Kaitlin (MOF)" <Kaitlin.Montgomery@ontario.ca>
Date: August 4, 2017 at 11:28:05 AM EDT
To: "Kim, John (OFA)" <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey – Attached is my proposed markup. ENE will take full responsibility for the due diligence and ensuring the payments are correct etc. but we would authorize the OFA under the FAA to make the payments.

The lawyers indicated it didn't make sense for them to review until the business groups were in agreement on process.

Happy to jump on a call to discuss if that's easier.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:21 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Let's put it this way – there was one example but understand that the decision was taken to reverse that role.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 1:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Ok thx for double checking – I'll chat with Scott and figure out a path forward

---

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:19 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Hi Kaitlin

There is significant resistance to the OFA taking that role.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 12:02 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey john – do you have a couple minutes to chat about this?

6.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 3:53 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

You too!

The challenge Kaitlin is the FAA so that may be a requirement.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 28, 2017 3:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

You can probably predict ENE edits for the most part – Would really like to avoid the need for ENE to send "approval" every month.

Hoping to get back to you Wednesday with some tracked edits - and then its probably worth setting up a call to discuss

Have a good weekend!
kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 10:11 AM
To: Montgomery, Kaitlin (MOF)
Subject: SLA draft

Hi Kaitlin,

Here's the draft SLA as drafted by OFA Legal.

Could we get this bounced off Energy Legal?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx>

From:	Lisa Stein
To:	Bruno Amara; Kenneth Russell
Cc:	John Kim
Subject:	RE: SLA draft
Date:	Thursday, August 10, 2017 3:04:06 PM

I don't need to be copied on these e-mails. Thanks!

From: Bruno Amara
Sent: Thursday, August 10, 2017 2:47 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: SLA draft

Hi Ken

Just checking to see if you had a chance to review the attached. (Copying Lisa as I at first sent this follow-up to her in error).

My understanding is that the key issue that had been discussed with Energy (through Investment Government Branch) was whether formal authorization would be required each month from the Minister of Energy for subscription payments. OFA preferred this approach, but Energy preferred an annual approval. I understand also that responsibility for due diligence was a key factor. In the attached Energy has edited to clarify that it would conduct the necessary due diligence (see 9. Below). The MOU also notes that OPG would notify both Energy and OFA of monthly subscription amounts, and that Energy would notify OPFA within 3 days if there were any issues with subscription payment to be made.

> 9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 2:28 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: SLA draft

Sure, I am off next week but pls let Bruno know of your comments.

Sent from my iPhone

On Aug 4, 2017, at 1:25 PM, Kenneth Russell <Kenneth.Russell@ofina.on.ca> wrote:

> John
>
> I am out of town today. I will be able to look at this late in the day on Monday.
>
> Ken
>
> Sent from my iPhone
>
> On Aug 4, 2017, at 1:08 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> > Hi Ken,
> >
> > Could you pls. Comment?
> >
> > John
> >
> > Begin forwarded message:
> >
> > **From:** "Montgomery, Kaitlin (MOF)" <Kaitlin.Montgomery@ontario.ca>
> > **Date:** August 4, 2017 at 11:28:05 AM EDT
> > **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> > **Subject: RE: SLA draft**
> >
> > Hey – Attached is my proposed markup. ENE will take full responsibility for the due diligence and ensuring the payments are correct etc. but we would authorize the OFA under the FAA to make the payments.
> >
> > The lawyers indicated it didn't make sense for them to review until the business groups were in agreement on process.

Happy to jump on a call to discuss if that's easier.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:21 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Let's put it this way – there was one example but understand that the decision was taken to reverse that role.

From: Montgomery, Kaitlin (MOF)
[mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 1:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Ok thx for double checking – I'll chat with Scott and figure out a path forward

---

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:19 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Hi Kaitlin

There is significant resistance to the OFA taking that role.

John

From: Montgomery, Kaitlin (MOF)
[mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 12:02 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey john – do you have a couple minutes to chat about this?

6.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 3:53 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

You too!

The challenge Kaitlin is the FAA so that may be a requirement.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 28, 2017 3:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

You can probably predict ENE edits for the most part – Would really like to avoid the need for ENE to send "approval" every month.

Hoping to get back to you Wednesday with some tracked edits - and then its probably worth setting up a call to discuss

Have a good weekend!
kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 10:11 AM
To: Montgomery, Kaitlin (MOF)
Subject: SLA draft

Hi Kaitlin,

Here's the draft SLA as drafted by OFA Legal.

Could we get this bounced off Energy Legal?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the

individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx>

From: Bruno Amara
To: Kenneth Russell
Cc: John Kim; Lisa Stein
Subject: RE: SLA draft
Date: Thursday, August 10, 2017 2:47:01 PM
Attachments: OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx

---

Hi Ken

Just checking to see if you had a chance to review the attached. (Copying Lisa as I at first sent this follow-up to her in error).

My understanding is that the key issue that had been discussed with Energy (through Investment Government Branch) was whether formal authorization would be required each month from the Minister of Energy for subscription payments. OFA preferred this approach, but Energy preferred an annual approval. I understand also that responsibility for due diligence was a key factor. In the attached Energy has edited to clarify that it would conduct the necessary due diligence (see 9. Below). The MOU also notes that OPG would notify both Energy and OFA of monthly subscription amounts, and that Energy would notify OPFA within 3 days if there were any issues with subscription payment to be made.

> 9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 2:28 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: SLA draft

Sure, I am off next week but pls let Bruno know of your comments.

Sent from my iPhone

On Aug 4, 2017, at 1:25 PM, Kenneth Russell <Kenneth.Russell@ofina.on.ca> wrote:

> John
>
> I am out of town today. I will be able to look at this late in the day on Monday.
>
> Ken
>
> Sent from my iPhone
>
> On Aug 4, 2017, at 1:08 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> > Hi Ken,
> >
> > Could you pls. Comment?
> >
> > John
> >
> > Begin forwarded message:
> >
> > **From:** "Montgomery, Kaitlin (MOF)" <Kaitlin.Montgomery@ontario.ca>
> > **Date:** August 4, 2017 at 11:28:05 AM EDT
> > **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> > **Subject: RE: SLA draft**
> >
> > Hey – Attached is my proposed markup. ENE will take full responsibility for the due diligence and ensuring the payments are correct etc. but we would authorize the OFA under the FAA to make the payments.
> >
> > The lawyers indicated it didn't make sense for them to review until the business groups were in agreement on process.
> >
> > Happy to jump on a call to discuss if that's easier.
> >
> > Kaitlin
> >
> > ---
> >
> > **From:** John Kim [mailto:John.Kim@ofina.on.ca]
> > **Sent:** August 1, 2017 1:21 PM

To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Let's put it this way – there was one example but understand that the decision was taken to reverse that role.

From: Montgomery, Kaitlin (MOF)
[mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 1:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Ok thx for double checking – I'll chat with Scott and figure out a path forward

---

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:19 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Hi Kaitlin

There is significant resistance to the OFA taking that role.

John

From: Montgomery, Kaitlin (MOF)
[mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 12:02 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey john – do you have a couple minutes to chat about this?

6.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 3:53 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

You too!

The challenge Kaitlin is the FAA so that may be a requirement.

John

From: Montgomery, Kaitlin (MOF)
[mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 28, 2017 3:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

You can probably predict ENE edits for the most part – Would really like to avoid the need for ENE to send "approval" every month.

Hoping to get back to you Wednesday with some tracked edits - and then its probably worth setting up a call to discuss

Have a good weekend!
kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 10:11 AM
To: Montgomery, Kaitlin (MOF)
Subject: SLA draft

Hi Kaitlin,

Here's the draft SLA as drafted by OFA Legal.

Could we get this bounced off Energy Legal?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx>

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (~~the~~ "~~**Minister**~~**ENERGY**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. ~~The Minister~~ENERGY has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. ~~The Minister~~ENERGY will subscribe for Class A Shares [monthly].

7. Each [month] OPG will deliver to ~~the Minister~~[ENE Representative and OFA representative] a share subscription form (the "Share Subscription") setting out the

amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by ~~the Minister~~ENERGY. OPG will also include supporting documentation, including the Transfer Notice from the IESO outlining the amount of the regulatory asset to be purchased by OPG, as well as the calculation to determine the Subscription payment required at that time.

~~7.~~

8. ~~The Minister~~ENERGY is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

~~8.~~10. ~~The Minister~~ENERGY has advised the OFA that ~~the Minister~~ENERGY is required to make the Subscription Payments within [*] business days of the receipt ~~by the Minister~~ of the Share Subscription (the "Share Subscription Payment Date").

~~9.~~11. ~~The Minister~~ENERGY considers it advisable for the OFA to make the Subscription Payments on behalf of ~~the Minister~~ENERGY and the OFA has agreed to make the Subscription Payments on behalf of ~~the Minister~~ENERGY.

~~10.~~12. ~~The Minister~~ENERGY and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

~~The Minister~~ENERGY and the OFA agree as follows:

1. Payment Authorization

(i) ~~The Minister~~ENERGY authorizes the OFA to make the Subscription Payments on behalf of ~~the Minister~~ENERGY and the OFA agrees to make the Payments on behalf of the ~~Minister~~ENERGY.

(ii) ENERGY will provide payment directions to the OFA on an annual basis enabling OFA to authorize payments up to the Appropriated Amount.

(iii) ENERGY commits to indicate within 3 days after receipt of the Share Subscription to notify the OFA in the event a Subscription Payment should not be made, otherwise the OFA is to proceed with the Subscription Payment each [month].

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", Space After: 10 pt, No bullets or numbering

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Normal, Indent: Left: 1.03", No bullets or numbering

~~(i)~~

~~(ii)~~(iv) In accordance with 11.4 (2) of the Financial Administration Act (reproduced as Schedule A to this MOU), the Minister of Energy authorizes the OFA to ~~The Minister shall ensure that~~provide the certificate under section 11.4 of the *Financial Administration Act* ~~(reproduced as Schedule A to this MOU)~~ required for each of the Subscription Payments ~~is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.~~

~~(iii)~~(v) It is agreed by ~~the Minister~~ENERGY and the OFA that the OFA is acting as an agent, on behalf of ~~the Minister~~ENERGY, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of ~~the Minister~~ENERGY as further described in this MOU.

2. Payment Process

~~a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.~~

~~b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.~~

~~c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.~~

~~d)~~a) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined ~~Minister~~ ENERGY account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

Commented [KC1]: The intent here is that ENE will do all the necessary due diligence, and monitor the payments etc. just trying to give OFA comfort/authority to move forward each month without requiring us to provide instructions each month to do so.

Formatted: Normal, Indent: Left: 0.25", No bullets or numbering

Formatted: Font: (Default) Arial

Commented [KC2]: OFA will be on the subscription notice that comes from OPG.

a) The OFA will deliver a notice by e-mail to the ~~Minister's~~ ENERGY contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by ~~the Minister~~ENERGY.

~~**4. Limited Role of the OFA**~~

~~The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.~~

Commented [KC3]: Don't think this is required anymore since I've outlined ENE is responsible for this above.

~~5.~~4. Review and Termination

a) ~~The Minister~~ENERGY and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by ~~the Minister~~OPG to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by ~~the Minister~~OPG to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

~~6.~~5. No Service Charges

The OFA will not charge ~~the Minister~~ENERGY for the OFA's services or for its disbursements or other expenses incurred under this MOU.

~~7.~~6. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU ~~the Minister'S~~ENERGY's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

~~8.~~7. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of ~~the Minister~~ENERGY, the addresses for notice are:
Hand Delivery:
Ministry of Energy

~~9.~~8. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From: Montgomery, Kaitlin (MOF)
To: John Kim
Subject: RE: SLA draft
Date: Friday, August 04, 2017 12:34:50 PM

Tom Mckinlay will be the ene lawyer – but hasn't been too involved yet.

For the most part I'm just looking for OFA to say they're okay in concept, and then I planned to engage the lawyers to figure out how to make it happen (to the extent possible).

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 4, 2017 11:52 AM
To: Montgomery, Kaitlin (MOF)
Subject: Re: SLA draft

Ok, will take a look. Who is the lawyer at Energy's end? Might be an idea to let the lawyer to lawyer discussion happen. Will confirm on that.

On Aug 4, 2017, at 11:28 AM, Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca> wrote:

> Hey – Attached is my proposed markup. ENE will take full responsibility for the due diligence and ensuring the payments are correct etc. but we would authorize the OFA under the FAA to make the payments.
>
> The lawyers indicated it didn't make sense for them to review until the business groups were in agreement on process.
>
> Happy to jump on a call to discuss if that's easier.
>
> Kaitlin
>
> ---
>
> **From:** John Kim [mailto:John.Kim@ofina.on.ca]
> **Sent:** August 1, 2017 1:21 PM
> **To:** Montgomery, Kaitlin (MOF)
> **Subject:** RE: SLA draft
>
> Let's put it this way – there was one example but understand that the decision was taken to reverse that role.
>
> ---
>
> **From:** Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> **Sent:** Tuesday, August 01, 2017 1:20 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: SLA draft
>
> Ok thx for double checking – I'll chat with Scott and figure out a path forward
>
> ---

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:19 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Hi Kaitlin

There is significant resistance to the OFA taking that role.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 12:02 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey john – do you have a couple minutes to chat about this?

6.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 3:53 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

You too!

The challenge Kaitlin is the FAA so that may be a requirement.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 28, 2017 3:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

You can probably predict ENE edits for the most part – Would really like to avoid the need for ENE to send "approval" every month.

Hoping to get back to you Wednesday with some tracked edits - and then its probably worth setting up a call to discuss

Have a good weekend!
kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 10:11 AM
To: Montgomery, Kaitlin (MOF)

Subject: SLA draft

Hi Kaitlin,

Here's the draft SLA as drafted by OFA Legal.

Could we get this bounced off Energy Legal?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx>

From:	Montgomery, Kaitlin (MOF)
To:	John Kim
Subject:	RE: SLA draft
Date:	Friday, August 04, 2017 11:28:11 AM
Attachments:	OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx

Hey – Attached is my proposed markup. ENE will take full responsibility for the due diligence and ensuring the payments are correct etc. but we would authorize the OFA under the FAA to make the payments.

The lawyers indicated it didn't make sense for them to review until the business groups were in agreement on process.

Happy to jump on a call to discuss if that's easier.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:21 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Let's put it this way – there was one example but understand that the decision was taken to reverse that role.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 1:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Ok thx for double checking – I'll chat with Scott and figure out a path forward

---

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:19 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Hi Kaitlin

There is significant resistance to the OFA taking that role.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 12:02 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey john – do you have a couple minutes to chat about this?

6.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 3:53 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

You too!

The challenge Kaitlin is the FAA so that may be a requirement.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 28, 2017 3:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

You can probably predict ENE edits for the most part – Would really like to avoid the need for ENE to send "approval" every month.

Hoping to get back to you Wednesday with some tracked edits - and then its probably worth setting up a call to discuss

Have a good weekend!
kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 10:11 AM
To: Montgomery, Kaitlin (MOF)
Subject: SLA draft

Hi Kaitlin,

Here's the draft SLA as drafted by OFA Legal.

Could we get this bounced off Energy Legal?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca

Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (~~the~~ "~~**Minister**~~**ENERGY**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. ~~The Minister~~ENERGY has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. ~~The Minister~~ENERGY will subscribe for Class A Shares [monthly].

7. Each [month] OPG will deliver to ~~the Minister~~[ENE Representative and OFA representative] a share subscription form (the "Share Subscription") setting out the

amount of equity injection required (the "Subscription Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by ~~the Minister~~ENERGY. OPG will also include supporting documentation, including the Transfer Notice from the IESO outlining the amount of the regulatory asset to be purchased by OPG, as well as the calculation to determine the Subscription payment required at that time.

~~7.~~

8. ~~The Minister~~ENERGY is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

~~8.~~10. ~~The Minister~~ENERGY has advised the OFA that ~~the Minister~~ENERGY is required to make the Subscription Payments within [*] business days of the receipt ~~by the Minister~~ of the Share Subscription (the "Share Subscription Payment Date").

~~9.~~11. ~~The Minister~~ENERGY considers it advisable for the OFA to make the Subscription Payments on behalf of ~~the Minister~~ENERGY and the OFA has agreed to make the Subscription Payments on behalf of ~~the Minister~~ENERGY.

~~10.~~12. ~~The Minister~~ENERGY and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

~~The Minister~~ENERGY and the OFA agree as follows:

1. Payment Authorization

(i) ~~The Minister~~ENERGY authorizes the OFA to make the Subscription Payments on behalf of ~~the Minister~~ENERGY and the OFA agrees to make the Payments on behalf of the ~~Minister~~ENERGY.

(ii) ENERGY will provide payment directions to the OFA on an annual basis enabling OFA to authorize payments up to the Appropriated Amount.

(iii) ENERGY commits to indicate within 3 days after receipt of the Share Subscription to notify the OFA in the event a Subscription Payment should not be made, otherwise the OFA is to proceed with the Subscription Payment each [month].

Formatted: Font: (Default) Arial

Formatted: Indent: Left: 0.5", Space After: 10 pt, No bullets or numbering

Formatted: Indent: Left: 0.5", No bullets or numbering

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Font: (Default) Arial

Formatted: Normal, Indent: Left: 1.03", No bullets or numbering

~~(i)~~

~~(ii)~~(iv) In accordance with 11.4 (2) of the Financial Administration Act (reproduced as Schedule A to this MOU), the Minister of Energy authorizes the OFA to ~~The Minister shall ensure that~~provide the certificate under section 11.4 of the *Financial Administration Act* ~~(reproduced as Schedule A to this MOU)~~ required for each of the Subscription Payments ~~is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.~~

Commented [KC1]: The intent here is that ENE will do all the necessary due diligence, and monitor the payments etc. just trying to give OFA comfort/authority to move forward each month without requiring us to provide instructions each month to do so.

~~(iii)~~(v) It is agreed by ~~the Minister~~ENERGY and the OFA that the OFA is acting as an agent, on behalf of ~~the Minister~~ENERGY, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of ~~the Minister~~ENERGY as further described in this MOU.

2. Payment Process

~~a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.~~

Formatted: Normal, Indent: Left: 0.25", No bullets or numbering

Formatted: Font: (Default) Arial

~~b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.~~

~~c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.~~

Commented [KC2]: OFA will be on the subscription notice that comes from OPG.

~~d)~~a) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined ~~Minister~~ ENERGY account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the ~~Minister's~~ ENERGY contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by ~~the Minister~~ENERGY.

~~4. Limited Role of the OFA~~

~~The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.~~

Commented [KC3]: Don't think this is required anymore since I've outlined ENE is responsible for this above.

~~5.~~4. Review and Termination

a) ~~The Minister~~ENERGY and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by ~~the Minister~~OPG to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by ~~the Minister~~OPG to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

~~6.~~5. No Service Charges

The OFA will not charge ~~the Minister~~ENERGY for the OFA's services or for its disbursements or other expenses incurred under this MOU.

~~7.~~6. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU ~~the Minister'S~~ENERGY's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

~~8.~~7. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of ~~the Minister~~ENERGY, the addresses for notice are:
Hand Delivery:
Ministry of Energy

~~9.~~8. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From: Bruno Amara
To: Kenneth Russell
Cc: John Kim
Subject: RE: SLA draft
Date: Thursday, August 10, 2017 5:21:10 PM

OK, Thanks Ken. We will follow-up next week.

Bruno

From: Kenneth Russell
Sent: Thursday, August 10, 2017 4:56 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Bruno

I have had the opportunity to review the proposed changes to the draft SLA. I have serious concerns about both the proposed procedures and the responsibilities that the OFA is being requested to undertake under this draft.

The share subscription process is monthly under the proposed program. Energy will have to sign a share subscription each month. It is not clear to me how Energy intends that it can proceed by way of an annual approval.

It is again proposed that an OFA official deliver the Section 11.4 certificate. This would place a due diligence responsibility on the OFA.

I would suggest that a meeting with John Kim next week to discuss this further.

Ken

From: Bruno Amara
Sent: Thursday, August 10, 2017 2:47 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
Subject: RE: SLA draft

Hi Ken

Just checking to see if you had a chance to review the attached. (Copying Lisa as I at first sent this follow-up to her in error).

My understanding is that the key issue that had been discussed with Energy (through Investment Government Branch) was whether formal authorization would be required each month from the Minister of Energy for subscription payments. OFA preferred this approach, but Energy preferred an annual approval. I understand also that responsibility for due diligence was a key factor. In the attached Energy has edited to clarify that it would conduct the necessary due diligence (see 9. Below). The MOU also notes that OPG would notify both Energy and OFA of monthly subscription amounts, and that Energy would notify OPFA within 3 days if there were any issues with subscription payment to be made.

> 9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 2:28 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: SLA draft

Sure, I am off next week but pls let Bruno know of your comments.

Sent from my iPhone

On Aug 4, 2017, at 1:25 PM, Kenneth Russell <Kenneth.Russell@ofina.on.ca> wrote:

> John
>
> I am out of town today. I will be able to look at this late in the day on Monday.
>
> Ken

Sent from my iPhone

On Aug 4, 2017, at 1:08 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Ken,
>
> Could you pls. Comment?
>
> John
>
> Begin forwarded message:
>
> **From:** "Montgomery, Kaitlin (MOF)" <Kaitlin.Montgomery@ontario.ca>
> **Date:** August 4, 2017 at 11:28:05 AM EDT
> **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Subject: RE: SLA draft**
>
> Hey – Attached is my proposed markup. ENE will take full responsibility for the due diligence and ensuring the payments are correct etc. but we would authorize the OFA under the FAA to make the payments.
>
> The lawyers indicated it didn't make sense for them to review until the business groups were in agreement on process.
>
> Happy to jump on a call to discuss if that's easier.
>
> Kaitlin
>
> ---
>
> **From:** John Kim [mailto:John.Kim@ofina.on.ca]
> **Sent:** August 1, 2017 1:21 PM
> **To:** Montgomery, Kaitlin (MOF)
> **Subject:** RE: SLA draft
>
> Let's put it this way – there was one example but understand that the decision was taken to reverse that role.
>
> ---
>
> **From:** Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> **Sent:** Tuesday, August 01, 2017 1:20 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: SLA draft

Ok thx for double checking – I'll chat with Scott and figure out a path forward

---

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:19 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Hi Kaitlin

There is significant resistance to the OFA taking that role.

John

From: Montgomery, Kaitlin (MOF)
[mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 12:02 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey john – do you have a couple minutes to chat about this?

6.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 3:53 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

You too!

The challenge Kaitlin is the FAA so that may be a requirement.

John

From: Montgomery, Kaitlin (MOF)
[mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 28, 2017 3:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

You can probably predict ENE edits for the most part – Would really like to avoid the need for ENE to send "approval" every month.

Hoping to get back to you Wednesday with some tracked edits - and then its probably worth setting up a call to discuss

Have a good weekend!
kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 10:11 AM
To: Montgomery, Kaitlin (MOF)
Subject: SLA draft

Hi Kaitlin,

Here's the draft SLA as drafted by OFA Legal.

Could we get this bounced off Energy Legal?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx>

From: John Kim
To: Ronald Kwan; Gavin He
Cc: Usman Zahid
Subject: RE: Service agreement on Fair Hydro
Date: Thursday, November 09, 2017 10:07:25 AM

I believe the FAA defines eligible activities and under s15(2) 6, it mentions "entitled to reimbursement under a statutory appropriation administered by that ministry". I am not sure if it fully addresses this scenario but will check with Ken R.

FTD was consulted in arriving at the MOU but a couple of months ago, if not more.

From: Ronald Kwan
Sent: Thursday, November 09, 2017 10:00 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: Service agreement on Fair Hydro

Also, has FTD reviewed the draft?

Thanks,
Ron

From: Ronald Kwan
Sent: November 9, 2017 9:46 AM
To: Gavin He
Cc: Usman Zahid; John Kim
Subject: Re: Service agreement on Fair Hydro

Hi,

What is the definition of or what does it mean under the FAA to be "eligible for" or "entitled to" a payment? Does it encompass that Energy, through its PRT, has received TB approval for an appropriation to make the payment? Should it? Should I assume that it does not require Estimates to have been approved by the Legislature or its committees, given how late that process can be into a fiscal year?

Does it include that OPG is not otherwise in default under the Master Subscription Agreement? Should it? Any other consideration/conditions considered and not recommended?

Thanks,
Ron

From: Gavin He
Sent: November 9, 2017 9:03 AM
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: FW: Service agreement on Fair Hydro

Hi Ron,

At the end of last month, Energy reached out to EFB to touch base on the MOU between MOE and OFA for the service agreement on FHP. In the previous draft version of the MOU, it was mentioned that OFA would get confirmation of the equity injection amount from MOE via the Subscription Form and the Certificate Form under section 11.4 of the FAA. So Energy has reached out to see if we have an example of the Certificate that we can share with them. Ken Russell said that OFA does not have a precedent section 11.4 certificate, so he drafted the attached certificate to be shared with Energy.

In the previous draft of the Master Subscription Agreement, it seems the templates of those two forms will be included, Energy has invited us to a meeting today to discuss questions with OPG re Master Subscription Agreement. Ken Russell, John, and myself are attending the meeting today.

Are you okay with us sharing the attached draft Certificate Form with Energy at a staff level? Also, I have attached the previous draft of the MOU provided by OFA Legal for your reference.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 01, 2017 10:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Thanks, Gavin.

Hope you are well too.

We are looking over the draft agreement

Can you send us an example of what the certificate could look like? We can then work with our lawyer to prepare a draft for this agreement.

Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: October 30, 2017 10:35 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Hope all is going well!

Please find attached the latest version of the MOU we currently have.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Talwar, Shruti (ENERGY)
To: Gavin He
Cc: John Kim; Sud, Manu (ENERGY); Graham Young (MOI)
Subject: RE: Service agreement on Fair Hydro
Date: Wednesday, November 01, 2017 10:09:33 AM

Thanks, Gavin.

Hope you are well too.

We are looking over the draft agreement

Can you send us an example of what the certificate could look like? We can then work with our lawyer to prepare a draft for this agreement.

Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: October 30, 2017 10:35 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Hope all is going well!

Please find attached the latest version of the MOU we currently have.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: "Shruti.Talwar@ontario.ca"
Cc: John Kim
Subject: RE: Service agreement on Fair Hydro
Date: Monday, October 30, 2017 10:34:47 AM
Attachments: OFA - MoE MOU Fair Hydro Plan(v6)clean.docx

Hi Shruti,

Hope all is going well!

Please find attached the latest version of the MOU we currently have.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it.
Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar

Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

Memorandum of Understanding
Relating to the
Fair Hydro Plan

Dated: **XXXXXXX**

Between:

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy (the "**Minister**")

And:

Ontario Financing Authority
an agency of the Province of Ontario (the "**OFA**")

Whereas:

1. The Government of Ontario enacted the *Ontario Fair Hydro Plan Act, 2017* (the "Act") to implement its Fair Hydro Plan (the "FHP").

2. The Act and the regulations promulgated under the Act (the "Regulations") provides the right for IESO to create certain assets related to the deferral of electricity charges (the "Assets"), which Assets may be acquired from the Independent Electricity System Operator ("IESO") by one or more special purpose financing entities, under the Act established by OPG to implement the FHP (each an "OPG Financing Entity"), which are expected to include a Fair Hydro Trust.

3. An OPG Financing Entity is expected to acquire the Assets monthly from the IESO and will finance the Assets in accordance with the financing plan, which includes both senior debt (minimum of 51%) from external sources and subordinated debt (up to 49%) from OPG.

4. The Minister has agreed to provide up to 44% of the total funding requirement for the Assets through equity injections in OPG and OPG has agreed to use the equity injections solely for funding an OPG Financing Entity's subordinated debt (the "Equity Injection Plan").

5. For purposes of the Equity Injection Plan, OPG has amended its articles to create a new class of non-voting, redeemable shares (the "Class A Shares").

6. The Minister will subscribe for Class A Shares monthly.

7. Each month OPG will deliver to the Minister a share subscription form (the "Share Subscription") setting out the amount of equity injection required (the "Subscription

Payment") and the corresponding number of Class A Shares to be issued by OPG and subscribed for by the Minister.

8. The Minister is required to pay the Subscription Payments out of amounts appropriated by the Legislature for that purpose for the fiscal year in which the payment is made ("Appropriated Amount").

9. The Minister has advised the OFA that the Minister is required to make the Subscription Payments within [*] business days of the receipt by the Minister of the Share Subscription (the "Share Subscription Payment Date").

10. The Minister considers it advisable for the OFA to make the Subscription Payments on behalf of the Minister and the OFA has agreed to make the Subscription Payments on behalf of the Minister.

11. The Minister and the OFA wish to enter into this MOU to confirm their agreement regarding the terms on which the OFA will make the Subscription Payments.

Therefore:

The Minister and the OFA agree as follows:

1. Payment Authorization

(i) The Minister authorizes the OFA to make the Subscription Payments on behalf of the Minister and the OFA agrees to make the Payments on behalf of the Minister.

(ii) The Minister shall ensure that the certificate under section 11.4 of the *Financial Administration Act* (reproduced as Schedule A to this MOU) required for each of the Subscription Payments is obtained, and shall provide the OFA with a copy of such certificate within **[*]** days after the Subscription Payment is made.

(iii) It is agreed by the Minister and the OFA that the OFA is acting as an agent, on behalf of the Minister, for the purposes of

i. Transacting with the Ontario Shared Services "IFIS" system in order to access funds appropriated for the Minister in respect of the Fair Hydro Plan, and

ii. Making the required Subscription Payments on behalf of the Minister as further described in this MOU.

2. Payment Process

a) The Minister will take all necessary steps to provide the OFA with a good quality unapproved electronic copy of each Share Subscription, on the same day the Minister receives the Share Subscription from OPG to allow the OFA to begin the procedures for making the Subscription Payment.

b) The Minister will deliver to the OFA a good quality copy of each Share Subscription executed and approved for payment by **[insert appropriate MoE official]** - at least three business days before the Share Subscription Payment Date. The approval for payment shall include confirmation that there is a sufficient Appropriated Amount from which to make the Subscription Payment. Upon receipt of the executed and approved Share Subscription, the OFA will make the Subscription Payment on behalf of the Minister, in the amount of the Share Subscription.

c) The OFA shall not be required to make any Subscription Payment on behalf of the Minister if the Minister has not delivered to the OFA an executed and approved Share Subscription as provided in paragraph b) above.

d) The Subscription Payments will be made from the Consolidated Revenue Fund and the amount of each Subscription Payment will be entered by the OFA via a journal entry into the Province's IFIS system under a pre-defined Minister account immediately upon the completion of the Subscription Payment or shortly thereafter.

3. Reporting Requirements and Records

a) The OFA will deliver a notice by e-mail to the Minister's contact person to confirm the completion of each Subscription Payment in the amount of the Share Subscription.

b) The OFA will keep and maintain all records related to the Share Subscriptions for a period of seven (7) years.

c) The requirements under this section shall survive any termination of the MOU.

d) The Public Accounts, Volume 3 reporting related to the Subscription payments will be performed by the Minister.

4. Limited Role of the OFA

The OFA will only be responsible for making the Subscription Payments in accordance with section 2 and reporting and record keeping in accordance with section 3. For greater clarity, the OFA will not be responsible for auditing or otherwise verifying the correctness of the Share Subscriptions; monitoring the OPG's application of the Subscription Payments; monitoring the balance from time to time of the Appropriated Amount; or ensuring the Appropriated Amount is sufficient.

5. Review and Termination

a) The Minister and the OFA will review this MOU as necessary.

b) This MOU may be terminated by either party at any time, on 90 days' notice.

c) Upon termination of this MOU, provided the OFA has the power and authority to make such Subscription Payments, the OFA will make Subscription Payments in respect of executed and approved Share Subscriptions delivered by the Minister to the OFA on or before the date of termination in accordance with subsection 2(c) of this MOU, but will not be obligated to make any further Subscription Payments on any executed and approved Share Subscriptions delivered by the Minister to the OFA after the date of termination of this MOU. All provisions of this MOU relating to Subscription Payments made by OFA will continue to apply with respect to such Subscription Payments made by the OFA after the termination date, notwithstanding termination of this MOU.

d) The parties will cooperate to help to ensure a smooth transition of the payment function upon termination.

6. No Service Charges

The OFA will not charge the Minister for the OFA's services or for its disbursements or other expenses incurred under this MOU.

7. Contacts

a) Each party shall designate a member of its staff to be a contact person for the purposes of administering this MOU.

b) As of the date of this MOU the OFA's contact persons are:

Tel:
email:

Tel: email:

should also be sent to:

Tel: email: & email:

c) As of the date of this MOU the Minister's contact person is:

Tel:
email:

d) Either party may designate a different member of its staff as its contact person by providing notice to the other party in accordance with section 7.

8. Notice

a) Any notice under this MOU shall be in writing and shall be deemed given when delivered by hand or email, and addressed to the party's contact person.

b) In the case of the OFA, the addresses for notice are:
Hand Delivery:
Ontario Financing Authority
Suite 1400
1 Dundas St. W.
Attention: Ken Kandeepan, Chief Financial and Risk Officer
email: Ken.Kandeepan@ofina.on.ca

c) In the case of the Minister, the addresses for notice are:
Hand Delivery:
Ministry of Energy

9. Execution

The parties have executed this MOU, effective as of the date first above written.

Her Majesty the Queen in right of Ontario
as represented by the Minister of Energy

by:_____

name:
title:

Ontario Financing Authority

by:_____

name:

title:

SCHEDULE A

Section 11.4, *Financial Administration Act*, R.S.O. 1990, c. F.12

11.4 (1) No payment shall be made out of the Consolidated Revenue Fund unless, in addition to any other voucher or certificate that may be required, a person referred to in subsection (2) certifies,

(a) in the case of a payment for the supply of goods or the rendering of services after the goods are delivered or the services are rendered, that the goods have been supplied or the services have been rendered and that,

(i) the payment is in accordance with the agreement, or

(ii) the amount of the payment is reasonable, if the amount of the payment is not specified in the agreement;

(b) in the case of a payment for the supply of goods or the rendering of services before the delivery of the goods or the supply of the services, that the payment is in accordance with the agreement; or

(c) in the case of a payment not described in clause (a) or (b), that the payee is eligible for or entitled to the payment. 2002, c. 8, Sched. B, s. 2.

Persons authorized to certify payments

(2) Only the following persons have authority to give a certificate under subsection (1):

1. A minister or deputy minister.
2. The Speaker of the Assembly.
3. The Auditor General.
4. The Chief Electoral Officer.
5. A person authorized by the Management Board of Cabinet.
6. A person authorized by a person referred to in any of paragraphs 1 to 5. 2002, c. 8, Sched. B, s. 2; 2004, c. 17, s. 32; 2007, c. 15, s. 40 (1).

From:	Talwar, Shruti (ENERGY)
To:	John Kim
Subject:	RE: Service agreement on Fair Hydro
Date:	Friday, October 27, 2017 10:16:31 AM

Sure. Just left you a vm. I'm in until about 3.30 today.

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: October 27, 2017 7:53 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Can we have a quick chat today?

John

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Gavin He
To: John Kim
Subject: RE: Service agreement on Fair Hydro
Date: Thursday, October 26, 2017 9:12:31 AM

Hi John,

I took a look and it seems fine for now. I will send it to Ken R. to see if he has any changes.

Regards,
Gavin He

From: John Kim
Sent: Thursday, October 26, 2017 7:57 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Service agreement on Fair Hydro

Z:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Implementation\MOU

Let's take a look and see if still current.

And pls. email Ken R. that this is likely coming back up again.

From: John Kim
Sent: Thursday, October 26, 2017 7:55 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Service agreement on Fair Hydro

Could you dig up the latest SLA Ken R. has drafted pls?

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]

Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From:	Ronald Kwan
To:	John Kim; Francisco Chinchon; Bruno Amara
Cc:	Usman Zahid
Subject:	RE: Service agreement on Fair Hydro
Date:	Wednesday, October 25, 2017 2:27:20 PM

Hi John,

Call Shruti and ask. Is she referring to the services agreement between OPG and IESO, which I don't think we have seen, unless IGB or Legal has.

Ron

From: John Kim
Sent: October-25-17 13:57
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: FW: Service agreement on Fair Hydro

Fyi. Not sure which agreement

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: John Kim
To: Ronald Kwan; Gavin He
Cc: Usman Zahid
Subject: RE: Service agreement on Fair Hydro
Date: Thursday, November 09, 2017 10:09:13 AM

Not sure will share both to remind them or to have them take a look.

From: Ronald Kwan
Sent: Thursday, November 09, 2017 10:09 AM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: Re: Service agreement on Fair Hydro

Has FTD reviewed the draft certificate?

Ron

From: John Kim
Sent: November 9, 2017 10:07 AM
To: Ronald Kwan; Gavin He
Cc: Usman Zahid
Subject: RE: Service agreement on Fair Hydro

I believe the FAA defines eligible activities and under s15(2) 6, it mentions "entitled to reimbursement under a statutory appropriation administered by that ministry". I am not sure if it fully addresses this scenario but will check with Ken R.

FTD was consulted in arriving at the MOU but a couple of months ago, if not more.

From: Ronald Kwan
Sent: Thursday, November 09, 2017 10:00 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: Service agreement on Fair Hydro

Also, has FTD reviewed the draft?

Thanks,
Ron

From: Ronald Kwan
Sent: November 9, 2017 9:46 AM

To: Gavin He
Cc: Usman Zahid; John Kim
Subject: Re: Service agreement on Fair Hydro

Hi,

What is the definition of or what does it mean under the FAA to be "eligible for" or "entitled to" a payment? Does it encompass that Energy, through its PRT, has received TB approval for an appropriation to make the payment? Should it? Should I assume that it does not require Estimates to have been approved by the Legislature or its committees, given how late that process can be into a fiscal year?

Does it include that OPG is not otherwise in default under the Master Subscription Agreement? Should it? Any other consideration/conditions considered and not recommended?

Thanks,
Ron

From: Gavin He
Sent: November 9, 2017 9:03 AM
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: FW: Service agreement on Fair Hydro

Hi Ron,

At the end of last month, Energy reached out to EFB to touch base on the MOU between MOE and OFA for the service agreement on FHP. In the previous draft version of the MOU, it was mentioned that OFA would get confirmation of the equity injection amount from MOE via the Subscription Form and the Certificate Form under section 11.4 of the FAA. So Energy has reached out to see if we have an example of the Certificate that we can share with them. Ken Russell said that OFA does not have a precedent section 11.4 certificate, so he drafted the attached certificate to be shared with Energy.

In the previous draft of the Master Subscription Agreement, it seems the templates of those two forms will be included, Energy has invited us to a meeting today to discuss questions with OPG re Master Subscription Agreement. Ken Russell, John, and myself are attending the meeting today.

Are you okay with us sharing the attached draft Certificate Form with Energy at a staff level? Also, I have attached the previous draft of the MOU provided by OFA Legal for your reference.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 01, 2017 10:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Thanks, Gavin.

Hope you are well too.

We are looking over the draft agreement

Can you send us an example of what the certificate could look like? We can then work with our lawyer to prepare a draft for this agreement.

Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: October 30, 2017 10:35 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Hope all is going well!

Please find attached the latest version of the MOU we currently have.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Mike Manning
Subject: RE: Subordinated Debt
Date: Wednesday, November 15, 2017 9:47:05 AM

Sure, I will attend.

Thanks,

John

From: Mike Manning
Sent: Wednesday, November 15, 2017 9:40 AM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Subordinated Debt

Hi John:
We are having a meeting at 11:30 this morning on the subordinated debt for Fair Hydro in the Capital Markets Boardroom I believe. Would be great if you could attend . Other attendees Jim, Carlos & Ken k.

Regards, Mike

From:	John Kim
To:	Shajee Kathirgamanathan; Bruno Amara; Gavin He
Subject:	RE: Total Interest costs (SOC)
Date:	Wednesday, February 07, 2018 5:32:24 PM

Thanks for both sets of analysis today….I felt it was outstanding work.

From: Shajee Kathirgamanathan
Sent: Wednesday, February 07, 2018 4:36 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Total Interest costs (SOC)

Hi John, Bruno,

Attached is a refined analysis trying to mimic Energy's FAA projection. As mentioned we weren't able to recreate their numbers exactly so that's one source of error.

Furthermore, if you recall, the 3.357% Debt from the FHT should be the Senior most debt and therefore lowest cost debt incurred by the trust. The Sub and Jr. Sub debt from the provincial equity injection and OPG borrowing should have a higher borrowing rate. If we take a weighted average borrowing, this would be noticeably higher than 3.357%.

Please see calculations attached and in the table below. (File found here: S:\Users\CEF\Hydro 2018\FAO\FHP\Revised Calculations)

Difference In Interest Charges	
Provincial (3.12%) vs Weighted Avg Borrowing (4.017%):	**5,121**
Provincial (3.12%) vs FHT Borrowing (3.357%):	**1,182**

Happy to chat if you have a few mins.

Thanks,
Shajee

From: John Kim
Sent: Wednesday, February 07, 2018 2:16 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Total Interest costs (SOC)

Thanks, could we set up the FAA-based analysis? Ron and I are tied up till 4:30 or so. We still have a bit of time.

The concern, unless you convince otherwise, is that the Excel file we used might be dated.

So the FAO analysis was the delta of 50bps? Is that reasonably certain?

From: Shajee Kathirgamanathan
Sent: Wednesday, February 07, 2018 1:37 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Total Interest costs (SOC)

Hi John,

This analysis from Bruno might be what we need for now, particularly since it's an apples to apples comparison of the previous $4B number.

However the borrowing profile with the revised FAA amounts could change this assessment. We had looked into recreating Energy's FAA amounts [in order to recreate this interest calculation] with partial success.

We can use this analysis for now, if that can satisfy the request.

However to use the revised FAA amounts, we can also reach out to Energy. However it may no longer be the apples to apples comparison of a simple reduction in borrowing spreads.

Thanks,
Shajee

From: Bruno Amara
Sent: Wednesday, February 07, 2018 1:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Total Interest costs (SOC)

Correction Summary table should show FAO 4.5% assumption for Province. Just labelling, calculation was correct.

Total Interest Costs $ Millions

FAO	rate	Revised	rate
20,924	5.0%	10,229	3.35%
16,863	4.5%	9,194	3.12%
4061	difference	1,035	difference

From: Bruno Amara
Sent: Wednesday, February 07, 2018 1:09 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Total Interest costs (SOC)

I think I found the most recent file. I replicated the FAO assumptions of 5% for FHT borrowing vs 4.5% for Province. In attached model that also yields a $4b difference. Redoing this with the 3.12% and 3.35% reduces this difference to about $1B. See summary table below.

Total Interest Costs $ Millions

FAO	rate	Revised	rate
20,924	5%	10,229	3.35%
16,863	4%	9,194	3.12%
4061	difference	1,035	difference

S:\Users\CEF\Hydro 2017\Fair Hydro Plan (Post Announcement)\Funding the FHP - GA Financing Analysis\FAO - Analysis

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From:	John Kim
To:	Gavin He; Shajee Kathirgamanathan
Subject:	RE: Updates for the Financing Table
Date:	Friday, February 23, 2018 5:31:36 PM

Could you come by?

From: Gavin He
Sent: Friday, February 23, 2018 5:29 PM
To: John Kim <John.Kim@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: RE: Updates for the Financing Table

Hi John/Shajee,

I took a look at the table, and it seems the GA table was for the equity injection? If so, I updated the borrowing numbers to the FAA amount and then applied 44% of it. Please review and let me know if that makes sense.

I saved it under below folder:
S:\Users\CEF\Hydro 2018\Document\Financing Table

Regards,
Gavin He

From: John Kim
Sent: Friday, February 23, 2018 4:13 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Updates for the Financing Table

I told her that I usually ignore these emails.

From: John Kim
Sent: Friday, February 23, 2018 4:12 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Updates for the Financing Table

For Monday, could you take a look at the GA smoothing row? I think the answer is no update. But let's look at it next week. I'd rather focus on other stuff we have going for today.

From: Christina Zhang
Sent: Thursday, February 22, 2018 9:49 AM

To: Martine Bell <Martine.Bell@ofina.on.ca>; Mark Froud <Mark.Froud@ofina.on.ca>; Michael Isaac <Michael.Isaac@ofina.on.ca>; Arie Jarczyn <Arie.Jarczyn@ofina.on.ca>; Kevin Hwang <Kevin.Hwang@ofina.on.ca>; Robert Bozinoski <Robert.Bozinoski@ofina.on.ca>; Hani Khattas <Hani.Khattas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Peter Lam <Peter.Lam@ofina.on.ca>; Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Jean-Paul Lamoureux <Jean-Paul.Lamoureux@ofina.on.ca>; Erica Wieder <Erica.Wieder@ofina.on.ca>; Leo Oriotis <Leo.Oriotis@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Connie Chen <Connie.Chen@ofina.on.ca>; Deitra Sawh <Deitra.Sawh@ofina.on.ca>; Jensen Chong <Jensen.Chong@ofina.on.ca>; Shemin Meralli <Shemin.Meralli@ofina.on.ca>; Shabina Hassan <Shabina.Hassan@ofina.on.ca>; Susan Szabo <Susan.Szabo@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: Updates for the Financing Table

Good morning,

In preparation for the upcoming 2018 Document, please provide inputs from your respective areas to the following SharePoint link:

http://portal.ofina.on.ca/sites/rcd/Financing%20Table/SitePages/Home.aspx

Information up to F2020-21 is required but if possible, please complete information up to F2021-22.

Please complete your updates by **noon on Monday, February 26th**.

Please input the data in your area's respective folders. You should have the appropriate editing rights for your respective areas, otherwise you should only have reading rights. If you have issues with the sites, please let me know.

The Financing table document is currently password protected with the new 2018 Document password. Please message or call me (or anyone from IR) if you need the password.

Much appreciated.
Christina

From:	John Kim
To:	Shajee Kathirgamanathan; Gavin He
Subject:	RE: Updates for the Financing Table
Date:	Friday, February 23, 2018 4:13:24 PM

I told her that I usually ignore these emails.

From: John Kim
Sent: Friday, February 23, 2018 4:12 PM
To: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Updates for the Financing Table

For Monday, could you take a look at the GA smoothing row? I think the answer is no update. But let's look at it next week. I'd rather focus on other stuff we have going for today.

From: Christina Zhang
Sent: Thursday, February 22, 2018 9:49 AM
To: Martine Bell <Martine.Bell@ofina.on.ca>; Mark Froud <Mark.Froud@ofina.on.ca>; Michael Isaac <Michael.Isaac@ofina.on.ca>; Arie Jarczyn <Arie.Jarczyn@ofina.on.ca>; Kevin Hwang <Kevin.Hwang@ofina.on.ca>; Robert Bozinoski <Robert.Bozinoski@ofina.on.ca>; Hani Khattas <Hani.Khattas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Peter Lam <Peter.Lam@ofina.on.ca>; Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>; Darren Scanlan <Darren.Scanlan@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Jean-Paul Lamoureux <Jean-Paul.Lamoureux@ofina.on.ca>; Erica Wieder <Erica.Wieder@ofina.on.ca>; Leo Oriotis <Leo.Oriotis@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Connie Chen <Connie.Chen@ofina.on.ca>; Deitra Sawh <Deitra.Sawh@ofina.on.ca>; Jensen Chong <Jensen.Chong@ofina.on.ca>; Shemin Meralli <Shemin.Meralli@ofina.on.ca>; Shabina Hassan <Shabina.Hassan@ofina.on.ca>; Susan Szabo <Susan.Szabo@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: Updates for the Financing Table

Good morning,

In preparation for the upcoming 2018 Document, please provide inputs from your respective areas to the following SharePoint link:

http://portal.ofina.on.ca/sites/rcd/Financing%20Table/SitePages/Home.aspx

Information up to F2020-21 is required but if possible, please complete information up to F2021-22.

Please complete your updates by **noon on Monday, February 26th**.

Please input the data in your area's respective folders. You should have the appropriate editing rights for your respective areas, otherwise you should only have reading rights. If you have issues with the sites, please let me know.

The Financing table document is currently password protected with the new 2018 Document password. Please message or call me (or anyone from IR) if you need the password.

Much appreciated.
Christina

From: Ronald Kwan
To: John Kim
Cc: Usman Zahid; Shajee Kathirgamanathan; Gavin He
Subject: RE: Updates for the Financing Table
Date: Monday, February 26, 2018 6:10:50 PM

Hi John,

And, otherwise, the equity injection amounts are fine to send. Note the source and vintage caveats.

Ron

From: Ronald Kwan
Sent: February-26-18 17:32
To: John Kim <John.Kim@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: Updates for the Financing Table

Hi John,

Are the OEFC loan amounts (new and repayments) consistent with the OPG business plan?

And has SIFB reviewed the AO line? Though small, should the Seaton amounts appear in out-years?

Ron

From: John Kim
Sent: February-26-18 16:07
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Updates for the Financing Table

Hi Ron,

As mentioned, the Financing Table has the recently provided data and the old data mixed and matched. We are proposing that we stick with the consistent set of figures from the FAA memo.

Pls. see attached.

What is in the Financing Table now – pls. refer to the GA tab: (The blue cells were provided at the time of FES. The yellow cells were provided before that based on earlier modelling)

Fiscal Year Equivalent	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
FY Adjusted Debt Requirement	1938.333	2224	2325.5	2352.5	2608	2350	1875	1342	858
Provincial Borrowing Required	853	979	1023	1035	1148	1034	825	590	377

To be consistent with the FES, we propose to send the following complete series of figures: (The yellow cells – consistent with the FAA memo; the bold figures would be new)

Fiscalized								
$ nominal million	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Fair Allocation Amount	(1580)	(1227)	(1014)	(798)	(563)	(344)	(161)	(18)
Readjustment amount	(358)	(997)	(1312)	(1555)	(1508)	(1191)	(752)	(329)
Total Borrowing Requirement	(1938)	(2224)	(2326)	(2353)	(2071)	(1535)	(913)	(347)
Accumulated borrowing requirement including financing costs		(4162)	(6488)	(8840)	(10911)	(12446)	(13359)	(13705)
OPG Equity Injection (44%)	(853)	(979)	(1023)	(1035)	**(911)**	**(675)**	**(402)**	**(152)**

Thanks,

John

From: Christina Zhang
Sent: Thursday, February 22, 2018 9:49 AM
To: Martine Bell <Martine.Bell@ofina.on.ca>; Mark Froud <Mark.Froud@ofina.on.ca>; Michael Isaac <Michael.Isaac@ofina.on.ca>; Arie Jarczyn <Arie.Jarczyn@ofina.on.ca>; Kevin Hwang <Kevin.Hwang@ofina.on.ca>; Robert Bozinoski <Robert.Bozinoski@ofina.on.ca>; Hani Khattas <Hani.Khattas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Peter Lam <Peter.Lam@ofina.on.ca>; Bonnie Zhang <Bonnie.Zhang@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>; Darren Scanlan

<Darren.Scanlan@ofina.on.ca>; Mara Bakic <Mara.Bakic@ofina.on.ca>; Michael Smith <Michael.Smith@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Siva Nathan <Siva.Nathan@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; David Peters <David.Peters@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; Jean-Paul Lamoureux <Jean-Paul.Lamoureux@ofina.on.ca>; Erica Wieder <Erica.Wieder@ofina.on.ca>; Leo Oriotis <Leo.Oriotis@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Connie Chen <Connie.Chen@ofina.on.ca>; Deitra Sawh <Deitra.Sawh@ofina.on.ca>; Jensen Chong <Jensen.Chong@ofina.on.ca>; Shemin Meralli <Shemin.Meralli@ofina.on.ca>; Shabina Hassan <Shabina.Hassan@ofina.on.ca>; Susan Szabo <Susan.Szabo@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: Updates for the Financing Table

Good morning,

In preparation for the upcoming 2018 Document, please provide inputs from your respective areas to the following SharePoint link:

http://portal.ofina.on.ca/sites/rcd/Financing%20Table/SitePages/Home.aspx

Information up to F2020-21 is required but if possible, please complete information up to F2021-22.

Please complete your updates by **noon on Monday, February 26th**.

Please input the data in your area's respective folders. You should have the appropriate editing rights for your respective areas, otherwise you should only have reading rights. If you have issues with the sites, please let me know.

The Financing table document is currently password protected with the new 2018 Document password. Please message or call me (or anyone from IR) if you need the password.

Much appreciated.
Christina

From: John Kim
To: Gavin He
Subject: Re: 2017 09 29 OFHP Business Issues v01.pptx
Date: Monday, October 02, 2017 10:49:09 AM

So since then OFA took the position that 10bps is too high for a passively managed. I have a file saved as well under implementation folder.....will show you later. Using my iPad now

On Oct 2, 2017, at 10:46 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi John,
>
> I went through the deck and I only have one comment on the "Management Fees Regulation" section on slide 7. Based on previous email from Scott, I think the monthly base fee will be 10 basis points for the first 2 years, whether it's greater than or less than $10B. Not sure if that direction was changed, but I have included my edits in the attached deck.
>
> Regards,
> Gavin He
>
> ---
>
> **From:** John Kim
> **Sent:** Monday, October 02, 2017 8:06 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** FW: 2017 09 29 OFHP Business Issues v01.pptx
>
> Latest…pls. take a look.
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Monday, October 02, 2017 1:18 AM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
> **Subject:** RE: 2017 09 29 OFHP Business Issues v01.pptx
>
> And some comments / suggested edits from me. John may have additional ones.
>
> Ron
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** October-01-17 1:04 PM
> **To:** Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Ronald Kwan

<Ronald.Kwan@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>
Subject: 2017 09 29 OFHP Business Issues v01.pptx

Pls see my comments, Carlos/Jim you may also want to add to mine.

Thanks

Ken k

<2017 09 29 OFHP Business Issues v01_Markup_v2.pptx>

<mime-attachment>

From: John Kim
To: Nadine Petsche (MOF)
Subject: Re: Book value of shares - provincial equity injection
Date: Wednesday, June 07, 2017 12:49:24 PM

Oh I was trying to reschedule as I was told you were unavailable. If you could stop by we can have a quick meeting. 1 Dundas St. 3rd floor

> On Jun 7, 2017, at 12:47 PM, Petsche, Nadine (TBS) <Nadine.Petsche@ontario.ca> wrote:
>
>
> John.
> I can be at OFA for this call. Where is your office located again? N
> ----------
> Organizer: Virani, Shyrose (TBS)
> When: 1:00 PM - 1:15 PM June 7, 2017
> Subject: RE: Book value of shares - provincial equity injection
> Location: John to call Nadine at 416 325 8027
>
>

From: John Kim
To: Mike Manning
Cc: Carlos Yep; Bruno Amara; Ken Kandeepan
Subject: Re: Draft GA Sub debt term sheet - Performance Fee Recommendations
Date: Friday, June 02, 2017 5:59:23 PM

Thanks Mike. It might make sense to chat after OPG between OFA afterwards as well.

On Jun 2, 2017, at 5:06 PM, Mike Manning <Mike.Manning@ofina.on.ca> wrote:

> Hi John:
> We didn't get a chance to meet today, but would be happy to meet to discuss Monday or Tuesday. We are having a meeting on Monday from 11:00 to 12:30 at OPG to discuss some of these issues and would be happy to have you & any colleagues you see fit attending. I think in the hurry to set up a meeting you were accidentally not invited. Anyway, let's talk on Monday morning.
> Regards, Mike
>
> Sent from my iPad
>
> On Jun 2, 2017, at 2:27 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> > Hi Carlos, Mike,
> >
> > I would appreciate a bit of a debrief on the meeting and may organize a short meeting Tuesday or so next week for a small group to that end.
> >
> > I don't have an interest in terms of the benchmark, etc. per se but do have an interest looking it from the electricity sector perspective.
> >
> > John
> >
> > ---
> >
> > **From:** Ken Kandeepan
> > **Sent:** Friday, June 02, 2017 1:29 PM
> > **To:** Carlos Yep <Carlos.Yep@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>
> > **Cc:** Graham Monroe <Graham.Monroe@ofina.on.ca>; Connie Chen <Connie.Chen@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
> > **Subject:** RE: Draft GA Sub debt term sheet - Performance Fee Recommendations

Carlos, Mike and Jim

Since I will not be available for the meeting this afternoon here is my single comment.

I have concerns with the weighted average calculation of both the benchmark and actual issuance including the debt issued to the Trust by OPG funded by the 44% equity injection given that there are no market forces in play with regard both issuance and funding of this tranche, at least from an OPG perspective.

The only way in which this tranche is acceptable for performance inclusion is by OPG linking the yield on this debt to what was issued to the markets by the Trust. For example the debt from the equity injection is X bps above or below what was issued in the markets for equal tenors. Even so a linked component in the benchmark, in my opinion, adds limited value.

Thanks

Ken k

From: Carlos Yep
Sent: Wednesday, May 31, 2017 9:06 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; Opal Kandelas <Opal.Kandelas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Subject: FW: Draft GA Sub debt term sheet - Performance Fee Recommendations

fyi

From: LIU Sheen -TREASURY [mailto:sheen.liu@opg.com]
Sent: Wednesday, May 31, 2017 9:03 AM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: LEE John -TREASURY <john.s.lee@opg.com>; RYFA Ken -TREASURY <ken.ryfa@opg.com>; PRESTON Stuart -TREASURY <stuart.preston@opg.com>; HAHN PARKER Janet -TREASURY <j.hahnparker@opg.com>
Subject: RE: Draft GA Sub debt term sheet

Carlos,

Attached for your review please also find the recommended structure of variable performance fee and benchmark relating to GA financing. We can discuss it at our meeting with OFA as well.

Sheen

From: LIU Sheen -TREASURY
Sent: Tuesday, May 30, 2017 4:26 PM
To: 'Carlos Yep'
Cc: LEE John -TREASURY; RYFA Ken -TREASURY; PRESTON Stuart -TREASURY; HAHN PARKER Janet -TREASURY
Subject: Draft GA Sub debt term sheet

Carlos,

Further to our discussions re establishing GA financing benchmark. Attached please find the draft term sheet of the subordinated debt (from Province equity injection). Could you please review and circulate it to the appropriate contacts/group on your side. We'd also like to set up a meeting with OFA, at your earliest convenience, to go over the document and get your feedback. Please let us know your availability.

Thanks

Sheen

<< File: Draft Subordianted Debt Term Sheet.doc >>

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT(S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL. If you are not the intended recipient, you are hereby notified that any review, retransmission, dissemination, distribution, copying, conversion to hard copy or other use of this communication is strictly prohibited. If you are not the intended recipient and have received this message in error, please notify me by return e-mail and delete this message from your system. Ontario Power Generation Inc.

From: Gavin He
To: Shruti.Talwar@ontario.ca
Cc: John Kim
Subject: Re: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date: Thursday, March 22, 2018 7:14:55 AM

Hi Shruti,

FYI - I believe you should get a confirmation on the payment, but just in case it hasn't made to your way yet, the payment of CAD $202,400,000.00 has been released to Bank of Nova Scotia. LVTS reference number is LVTS6EQE9GUZGTR2.

Regards,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, March 21, 2018 10:11 AM
To: GRECO Clara -LAWDIV <clara.greco@opg.com>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection

Sure. Please follow up with John (cc'd).

From: GRECO Clara -LAWDIV [mailto:clara.greco@opg.com]
Sent: March 21, 2018 9:36 AM
To: Talwar, Shruti (ENERGY)
Subject: RE: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Importance: High

Thanks Shruti. I appreciate your (and everyone's) help at Energy and OFA. I was asked if it would be possible to get an OFA confirmation email once the funds have been wired, ie a wire tracking number.
Is there someone at OFA I can contact directly about this??

Regards
Clara

Clara Greco
Senior Counsel – FHP
Ontario Power Generation
700 University Avenue, H18 C19
Toronto, Ontario M5G 1X6
416-592-8226 | Cell 416-859-6416
clara.greco@opg.com

From: Talwar, Shruti (ENERGY)
To: Gavin He
Cc: John Kim
Subject: Re: EXTERNAL – RE: Fair Hydro - March 22 equity injection
Date: Thursday, March 22, 2018 7:18:10 AM

Thanks very much, Gavin.

Sent from my iPhone

> On Mar 22, 2018, at 7:14 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:
>
> believe you should get a confirmation on the payment, but just in case it hasn't made to your way yet, the payment of CAD $202,400,000.00 has been released to Bank of Nova Scotia. LVTS reference number is LVTS6EQE9GUZGTR2.

From: Ronald Kwan
To: John Kim
Cc: Bruno Amara
Subject: Re: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 9:48:39 AM

Hi John,

Please discuss with Kaitlin.

In theory, the TB submission should be in to TB today.

Ron

On May 30, 2017, at 8:22 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> H Ron,
>
> I don't believe OPG agreed to do so but this, I believe, is just an early draft looking for comments from our side.
>
> John
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Monday, May 29, 2017 5:47 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: Equity Injection Term Sheet
>
> Hi John,
>
> Has OPG "agreed" that the Trust would purchase the asset monthly? Earlier discussions had contemplated the Trust not going to market every month but perhaps, e.g., quarterly. Would the Trust get interim financing and purchase the asset monthly regardless?
>
> Ron
>
> ---
>
> **From:** John Kim
> **Sent:** May-29-17 14:04
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** FW: Equity Injection Term Sheet
>
> Fyi.
>
> ---

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think ENE would want to be kept in the loop but I don't think they would need to sign off each month. That being said I haven't run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
To: John Kim
Cc: Bruno Amara
Subject: Re: Equity Injection Term Sheet
Date: Tuesday, May 30, 2017 11:18:27 AM

Hey John,

On your first question, yes OPG is purchasing the asset monthly and on the basis of short term financing which will be replaced with long term bond financing eventually.

On your second, I don't think the plan is to take this back to TB. We received appropriation already and mentioned that we would come back through PRRT for future years so I think we're covered there. Unless there are other components of the short term piece you think need TB approval?

I'm offsite today but in the office tomorrow if you'd like to chat.

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: John Kim
Sent: Tuesday, May 30, 2017 10:22 AM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara
Subject: RE: Equity Injection Term Sheet

Also….does this need to go to TB?

From: John Kim
Sent: Tuesday, May 30, 2017 9:55 AM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Equity Injection Term Sheet

Hi Kaitlin,

We have a few questions but the main one for now is the way the document worded the monthly purchase by OPG. Is OPG agreeable to purchasing assets each month? Are they putting in place interim financing to do so monthly?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Monday, May 29, 2017 1:56 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Carlos Yep <Carlos.Yep@ofina.on.ca<mailto:Carlos.Yep@ofina.on.ca>>
Cc: Thomas Leung (MEDTE/MRI) <Thomas.Leung@ontario.ca<mailto:Thomas.Leung@ontario.ca>>
Subject: Equity Injection Term Sheet

Hey John, Carlos,

Attached is a term sheet from OPG that would form the basis of the Equity Injection Agreement. I think this would be an agreement between ENE/OPG and OFA. While it currently says 5 business days in this document Clara flagged that the IESO may be looking for it to be settled in as quickly as 1 day. Given how quick this needs to happen I've included a line about ENE delegating authority to the OFA to manage this monthly process. I think

ENE would want to be kept in the loop but I don’t think they would need to sign off each month. That being said I haven’t run this up the chain at ENE yet or discussed with ENE controllership.

Id defer to you guys for short term mechanics for the most part as you have the experience on the borrowing side. If you could take a look and mark-up where desired then maybe we can chat?

Let me know if you have any questions.
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Gavin He
Subject: Re: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date: Friday, November 24, 2017 3:24:15 PM

Ok share this with Ron too

Sent from my iPhone

On Nov 24, 2017, at 2:34 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi John,
>
> I have reviewed the MSA and I don't have any comments on this. The information provided in the MSA is consistent with the information in the MOU, regarding to the equity injection payment process. It mentions that OPG will require the payment within 5 business days after the notice. This was not updated in the MOU but I will update that once Energy provided us with their revisions.
>
> Also, Ken R. reviewed and said that the interest of the OFA is only in the payment provisions. He noted that the timeline for making the subscriptions is consistent either the timeline in the MOU and the wire transfer instructions are also consistent.
>
> I can share this with FTD and CMD too. Although this has been executed, I can send them a copy as FYI. Also, I didn't hear anything back from Energy whether they have consulted with OPCD on this.
>
> Would you like me to get back to Ron?
>
> Thanks,
> Gavin He
>
> -----Original Message-----
> From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
> Sent: Wednesday, November 22, 2017 6:28 PM
> To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
> Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
> Importance: High
>
> Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

From: Ronald Kwan
To: John Kim
Cc: Usman Zahid; Gavin He
Subject: Re: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date: Thursday, November 23, 2017 1:25:55 PM

Hi John,

Any issues?

And is OPCD okay with it, and 2.3(ii) in particular.

Ron

On Nov 23, 2017, at 7:38 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Fyi, we will take a look this morning.
>
> John
>
> -----Original Message-----
> From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
> Sent: Wednesday, November 22, 2017 6:28 PM
> To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
> Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
> Importance: High
>
> Hi John, Gavin, Ken
>
> FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.
>
> Thanks,
> Shruti
>
> <Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_clean.docx>
>
> <Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_OPG.docx>

From: John Kim
To: Gavin He
Subject: Re: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date: Thursday, November 23, 2017 8:46:21 AM

Ok, check with Ken R. if this stuff concerns the OFA, including us. Let me know what you think too as we are not a party to it.

Sent from my iPad

On Nov 23, 2017, at 8:42 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi John,
>
> I am thinking FTD and CMD?
>
> Regards,
> Gavin He
>
> -----Original Message-----
> From: John Kim
> Sent: Thursday, November 23, 2017 8:29 AM
> To: Gavin He <Gavin.He@ofina.on.ca>
> Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
>
> But let's give it some thought about who needs to be kept in the loop first.
>
> -----Original Message-----
> From: John Kim
> Sent: Thursday, November 23, 2017 7:32 AM
> To: Gavin He <Gavin.He@ofina.on.ca>
> Subject: RE: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
>
> Hi Gavin,
>
> Could you review and also make sure all the areas in the OFA that need to see this are looped in?
>
> Any concern?
>
> Thanks,
>
> John
>
> -----Original Message-----
> From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
> Sent: Wednesday, November 22, 2017 6:28 PM

To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Importance: High

Hi John, Gavin, Ken

FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.

Thanks,
Shruti

From: Ronald Kwan
To: Gavin He
Cc: Usman Zahid; John Kim
Subject: Re: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
Date: Friday, November 24, 2017 3:47:16 PM

Thanks Gavin.

Ron

On Nov 24, 2017, at 3:46 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> We went through the MSA and we don't have any comments on that. The information provided in the MSA is consistent with the information in the MOU, regarding the equity injection payment process. It mentions that OPG will require the payment within 5 business days after the notice. This was not updated in the MOU but I will update that once Energy sent us an updated version with their edits.
>
> Ken R. also reviewed and said that the interest of the OFA is only in the payment provisions. He noted that the timeline for making the subscriptions is consistent with his understanding and the wire transfer instructions are also consistent. I have shared a copy with FTD and CMD but haven't heard anything back from them.
>
> Also, I went back to Energy on whether they have shared the agreement with OPCD, and specifically section 2.3 (ii). I haven't heard back from them either. I understand that this agreement has already been executed, but I can follow up with them on that again on Monday.
>
> Please let us know if you have any other questions.
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Thursday, November 23, 2017 1:26 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** Re: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
>
> Hi John,
>
> Any issues?

And is OPCD okay with it, and 2.3(ii) in particular.

Ron

On Nov 23, 2017, at 7:38 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Fyi, we will take a look this morning.
>
> John
>
> -----Original Message-----
> From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
> Sent: Wednesday, November 22, 2017 6:28 PM
> To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> Cc: Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
> Subject: Fair Hydro -- Updated Master Share Subscription Agreement (Nov 22 execution version)
> Importance: High
>
> Hi John, Gavin, Ken
>
> FYI - attached is the Master Share Subscription agreement. I understand from OPG legal that the plan is to execute it in the next day or so.
>
> Thanks,
> Shruti
>
> <Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_clean.docx>
>
> <Fair Hydro - MasterSubscripAgt - Exec Nov 22 2017_OPG.docx>

From: Kenneth Russell
To: John Kim
Subject: Re: Fair Hydro Plan MOU
Date: Thursday, July 20, 2017 2:47:18 PM

John

O.K. So since we already have the OREC MOU and are working on the GA deferral MOU there is no further agreement we need to work on. Is that right.

Ken

Sent from my iPhone

> On Jul 20, 2017, at 1:35 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> Under the FHP, there would be the GA deferral one and the OREC one that we are already facilitating.
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: July-20-17 1:01 PM
> To: John Kim <John.Kim@ofina.on.ca>
> Subject: Re: Fair Hydro Plan MOU
>
> John
>
> The MOU we are working on deals with payments from MoE to OPG.
>
> My question is are there any other payments from MoE directly to the IESO that need to be addressed?
>
> Ken
>
> Sent from my iPhone
>
>> On Jul 20, 2017, at 12:37 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>>
>> Ok, thanks.....I don't believe Energy has a means to pay in the required timeline.
>>
>> John
>>
>> -----Original Message-----
>> From: Kenneth Russell
>> Sent: July-20-17 12:31 PM
>> To: John Kim <John.Kim@ofina.on.ca>
>> Subject: Fair Hydro Plan MOU
>>
>> John
>>
>> Gavin He has just provided to me a markup from MoE of the OREC MOU to include Fair Hydro Plan payments. I have advised him that the current plan is to have a separate MOU for the Fair Hydro Plan.
>>
>> One thing I note in the draft I received is that it contemplates payments directly from MoE to the IESO. Can you confirm to me that there are no such payments contemplated under the Fair Hydro Plan.
>>
>> Ken

>>
>> Sent from my iPhone

From: Kenneth Russell
To: John Kim
Subject: Re: Fair Hydro Plan MOU
Date: Thursday, July 20, 2017 1:01:28 PM

John

The MOU we are working on deals with payments from MoE to OPG.

My question is are there any other payments from MoE directly to the IESO that need to be addressed?

Ken

Sent from my iPhone

> On Jul 20, 2017, at 12:37 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> Ok, thanks.....I don't believe Energy has a means to pay in the required timeline.
>
> John
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: July-20-17 12:31 PM
> To: John Kim <John.Kim@ofina.on.ca>
> Subject: Fair Hydro Plan MOU
>
> John
>
> Gavin He has just provided to me a markup from MoE of the OREC MOU to include Fair Hydro Plan payments. I have advised him that the current plan is to have a separate MOU for the Fair Hydro Plan.
>
> One thing I note in the draft I received is that it contemplates payments directly from MoE to the IESO. Can you confirm to me that there are no such payments contemplated under the Fair Hydro Plan.
>
> Ken
>
> Sent from my iPhone

From: Kenneth Russell
To: John Kim
Subject: Re: Fair Hydro Plan MOU
Date: Thursday, July 20, 2017 2:53:46 PM

John

As I understand it there is already an OREC MOU in place.

My initial view is that the MOU for the payments to OPG should be separate. We can talk about this further on Monday.

Ken

Sent from my iPhone

> On Jul 20, 2017, at 2:49 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> You actually raised a good point Ken. I was thinking of just doing the OREC MOU and then doing the GA MOU/SLA separately but I think the idea of having one SLA/MOU makes sense.
>
> There are aspects to the OREC MOU we want to maintain, sharing of data, etc. so let me give it some thought. Maybe we can touch base tomorrow or Monday
>
> John
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: July-20-17 2:47 PM
> To: John Kim <John.Kim@ofina.on.ca>
> Subject: Re: Fair Hydro Plan MOU
>
> John
>
> O.K. So since we already have the OREC MOU and are working on the GA deferral MOU there is no further agreement we need to work on. Is that right.
>
> Ken
>
> Sent from my iPhone
>
>> On Jul 20, 2017, at 1:35 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>>
>> Under the FHP, there would be the GA deferral one and the OREC one that we are already facilitating.
>>
>> -----Original Message-----
>> From: Kenneth Russell
>> Sent: July-20-17 1:01 PM
>> To: John Kim <John.Kim@ofina.on.ca>
>> Subject: Re: Fair Hydro Plan MOU
>>
>> John
>>
>> The MOU we are working on deals with payments from MoE to OPG.
>>

>> My question is are there any other payments from MoE directly to the IESO that need to be addressed?
>>
>> Ken
>>
>> Sent from my iPhone
>>
>>> On Jul 20, 2017, at 12:37 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>>>
>>> Ok, thanks.....I don't believe Energy has a means to pay in the required timeline.
>>>
>>> John
>>>
>>> -----Original Message-----
>>> From: Kenneth Russell
>>> Sent: July-20-17 12:31 PM
>>> To: John Kim <John.Kim@ofina.on.ca>
>>> Subject: Fair Hydro Plan MOU
>>>
>>> John
>>>
>>> Gavin He has just provided to me a markup from MoE of the OREC MOU to include Fair Hydro Plan payments. I have advised him that the current plan is to have a separate MOU for the Fair Hydro Plan.
>>>
>>> One thing I note in the draft I received is that it contemplates payments directly from MoE to the IESO. Can you confirm to me that there are no such payments contemplated under the Fair Hydro Plan.
>>>
>>> Ken
>>>
>>> Sent from my iPhone

From: John Kim
To: Christina Zhang
Cc: Ken Kandeepan; Alexander Kraas; Bruno Amara; Ricky Lai
Subject: Re: Fair Hydro Plan
Date: Tuesday, October 17, 2017 3:24:07 PM

Hopefully soon. We are seeking some clarifications from Energy as we speak. Anticipating tomorrow, hope it's okay.

Sent from my iPhone

On Oct 17, 2017, at 3:15 PM, Christina Zhang <Christina.Zhang@ofina.on.ca> wrote:

> Hi John,
>
> I just wanted to follow up on the FHP numbers for the financing table, which as you can expect, we're anxious to finalize. Any chance you'll be able to send the revised numbers by today or tomorrow?
>
> I'm taking over the financing table responsibilities from Ricky so please feel free to email me if you need anything on it.
>
> Thanks,
> Christina
>
> ---
>
> **From:** John Kim
> **Sent:** Saturday, October 14, 2017 12:41 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
> **Cc:** Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>; Christina Zhang <Christina.Zhang@ofina.on.ca>
> **Subject:** Re: Fair Hydro Plan
>
> Hi Ken,
>
> Ron received information from energy which we are working on. Not sure the data is what we need but my team is working on it so we will share the assessment and data soon.
>
> Thanks.
>
> John
>
> Sent from my iPhone
>
> On Oct 14, 2017, at 11:14 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

Hi John

Just following up on this, any luck of revised estimated from MOE, a response Monday is fine.

Thanks

Ken k

From: John Kim
Sent: Tuesday, October 10, 2017 12:22 PM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Ken,

The data we used to see the debt number being reduced to $20bn was not an official set of data. I am working to get a more official update from Energy but it is a process that requires approvals on their end.

If you're okay with what Energy has described as preliminary then we can work to provide it. This has been getting escalated so if you can wait towards the end of the week then we may have something.

John

From: Ken Kandeepan
Sent: Tuesday, October 10, 2017 12:00 PM
To: John Kim <John.Kim@ofina.on.ca>; Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi John

What Ricky requires for the FES is the forecast amount of the 44% equity injection number for 17-18 and the two out years. Given that the total debt number has reduced to $20 Billion from the $28 B forecast at Budget time I guess there would be reductions in the first three years as well.

Thanks

Ken k

From: John Kim
Sent: Tuesday, October 10, 2017 11:21 AM
To: Ricky Lai <Ricky.Lai@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: Fair Hydro Plan

Hi Ricky,

There is no official updated information on the GA modelling. I have been looking for that from the Ministry of Energy without having any success.

Energy's response thus far is that they are still working on finalizing the FHP-related GA forecast.

In terms of FES, let me know what you are looking to do and the timeline you're working towards.

John

From: Ricky Lai
Sent: Friday, October 06, 2017 10:25 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Alexander Kraas <Alexander.Kraas@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: Fair Hydro Plan

Hi John,

In preparation for the upcoming FES, would you be able to provide an update to the Fair Hydro Plan numbers. I have attached the worksheet that we have used for the 2017 Budget (password protected using FES password).

Your input by the end of today would be appreciated.

Thanks.

Ricky

From: Gavin He
To: John Kim
Subject: Re: MOU between OFA and Energy
Date: Monday, November 27, 2017 1:06:22 PM

Hi John,

Sure, I will make sure that.

Regards,
Gavin He

From: John Kim
Sent: Monday, November 27, 2017 12:43:41 PM
To: Gavin He
Subject: Fwd: MOU between OFA and Energy

Could we ensure version control and is this the last version we saw with changes? I don't think so??

Sent from my iPhone

Begin forwarded message:

> **From:** Risa Thau <Risa.Thau@ofina.on.ca>
> **Date:** November 27, 2017 at 12:38:52 PM EST
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>, Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>, John Psinas <John.Psinas@ofina.on.ca>, George Sakura <George.Sakura@ofina.on.ca>, Gavin He <Gavin.He@ofina.on.ca>, John Kim <John.Kim@ofina.on.ca>, "Asokan Sadasivan (MEDTE/MRI)" <Asokan.Sadasivan@ontario.ca>
> **Subject: FW: MOU between OFA and Energy**
>
> Hi Ken,
>
> Please find Asokan's marked up copy of the MOU and his email below. Can these changes be implemented?
>
> Thanks,
>
> Risa Thau
>
> ---
>
> **From:** Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
> **Sent:** Monday, November 27, 2017 12:28 PM
> **To:** Risa Thau <Risa.Thau@ofina.on.ca>

Cc: Joe Pedota <Joe.Pedota@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa,

Please see attached; added "c. Payment Authorisation" under Section 2 and included Schedule C.

Not sure if Ken would be able to combine the Certificate and Payment Authorisation into one document.

Regards,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 27, 2017 11:55 AM
To: Thau, Risa (OFA)
Cc: Pedota, Joe (OFA)
Subject: RE: MOU between OFA and Energy

Agreed. The sample was not meant to replace Schedule A; but to have language incorporated into Schedule A to make it into a payment request.

Am repeating my concern indicated in the message I just sent:

> My concern is that there is no request from the ministry to the OFA to process the payment. Neither Section 2 nor the Schedule A contains any language requesting OFA to effect the wire transfer to OPG.

Thanks,

Asokan
416 902 2649

From: Risa Thau [mailto:Risa.Thau@ofina.on.ca]
Sent: November 27, 2017 11:52 AM
To: Sadasivan, Asokan (MEDG/MRIS)
Cc: Pedota, Joe (OFA)
Subject: FW: MOU between OFA and Energy

Hi Asokan,

Please see Ken Russell's (OFA legal) reply below. If you want to discuss this further, please call me at 416-728-9920.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Monday, November 27, 2017 11:45 AM
To: Risa Thau <Risa.Thau@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: MOU between OFA and Energy

Risa

The attached sample payment request does not address either of the two issues addressed by the current Schedule A. i.e. it does not certify that there is sufficient Appropriated Amount from which to make the Subscription Payment and does not provide the required certificate under Section 11.4 of FAA. As such it may not be used to replace the current Schedule A.

A form of payment authorization could be added as a separate schedule. The language of the MOU would have to be modified to make appropriate referenced to this new Schedule.

Ken

From: Risa Thau
Sent: Monday, November 27, 2017 11:37 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: MOU between OFA and Energy
Importance: High

Hi Ken Russell,

Asokan Sadasivan sent us the below email last week (I was away and Joe Pedota didn't know who was involved in drafting the MOU between OFA and MOE). He is the Controller for MOE. He would like to replace Schedule A with the sample type document and his senior executives need an answer today by 12:00 noon. Is it possible to make this change or can we add the same as another Schedule?

I'm working from home today, but I can call you if you would like to discuss.

Thanks,

Risa Thau

From: Sadasivan, Asokan (MEDG/MRIS) [mailto:Asokan.Sadasivan@ontario.ca]
Sent: Friday, November 24, 2017 9:00 AM
To: Joe Pedota <Joe.Pedota@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>
Subject: FW: MOU between OFA and Energy

Joe,

It has been confirmed that Schedule A – Certificate is the document that is referenced in Section 2 – Copy of each Share subscription executed and approved for payment (see highlight in below message).

I would rather have this replaced with something similar to the attached sample payment request. The attached can be modified to cover the legal aspects covered in Schedule A.

Let me know your thoughts please.

I am at an offsite meeting today. Hence we may not be able to connect; however, if you leave me a voice message I shall get back to you when I get a break.

Thanks,

Asokan
416 902 2649

From: Sadasivan, Asokan (MEDG/MRIS)
Sent: November 23, 2017 5:00 PM
To: Pedota, Joe (OFA)
Cc: Thau, Risa (OFA)
Subject: MOU between OFA and Energy

Joe,

Further to our telecon (in the absence of Risa), attached is the draft MOU for payments to be made by OFA on behalf of the ministry re Fiir Hydro Plan.

Section 2) Payment process indicates that ministry will deliver:

- Copy of each Share Subscription executed and approved for payment by Minister or Delegate

- Copy of certificate that there is sufficient appropriation for the payment

to OFA to process payment on behalf of the ministry.

Please also refer Schedule A – Certificate in this regard.

Would appreciate if you could kindly advise if the above mentioned two documents are sufficient for OFA to process payment on behalf of the ministry please?

Thanks,

Asokan

Asokan Sadasivan, ***CPA, CGA, FCMA (UK)*, CGMA****
Controller
56 Wellesley Street West, 4th Floor, Toronto, Ontario. M7A 2E7
Tel: 416 902 2649. Fax: 416 314 7014. Email: Asokan.Sadasivan@ontario.ca

From: Kenneth Russell
To: John Kim
Cc: Risa Thau; Ken Kandeepan; John Psinas; George Sakura
Subject: Re: OFA - MoE MOU Fair Hydro Plan(v3).docx
Date: Thursday, July 27, 2017 11:08:39 AM

John

In the MOU the MoE is defined as the Minister rather than as the Ministry. This is because that is the way that MoE is defined in the MoE - OPG draft agreement. I used this defined term for consistency. The typical OFA MOUs use the defined term Ministry. I would be happy to make the change if you wish.

My own preference is to use Ministry. As noted I only used Minister to parallel the other agreement.

Let me know what you would prefer.

I also need to add a provision to reflect Ken's concern about the OFA receiving confirmation that there is a sufficient appropriated amount for each payment.

Ken

Sent from my iPhone

On Jul 27, 2017, at 9:24 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Looks great to me too. I will try to move this soon but had one question for Ken R. The draft has Minister as the counterparty to the agreement. I am okay with it but in various sections, it refers to the Minister throughout for operational items. Could these sections reference the Ministry, instead of the Minister.
>
> John
>
> ---
>
> **From:** Risa Thau
> **Sent:** Monday, July 24, 2017 4:49 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
> **Subject:** RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
>
> Hi Everyone,
>
> I've read over the MOU and have some questions and comments attached.
>
> Thanks,

Risa Thau

From: Ken Kandeepan
Sent: Saturday, July 22, 2017 4:52 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
Subject: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Ken

This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.

Thanks
Ken k

From: Kenneth Russell
To: John Kim
Subject: Re: OFA - MoE MOU Fair Hydro Plan(v3).docx
Date: Tuesday, August 01, 2017 12:24:59 PM

John

An OFA official or officials could be authorized to give the certificate. However this would mean in effect that the OFA is taking on responsibility for certifying the transaction since the OFA official would be certifying that OPG is entitled to the payment.

My understanding is that the OFA does not wish to take on this responsibility.

In some prior MOUs the OFA agreed to provide the certificate but this policy was reviewed and the decision was taken to require the Ministry to provide the certificate.

Ken

Sent from my iPhone

On Aug 1, 2017, at 12:15 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Could the s.11.4(2) be delegated from M of Energy to OFA?
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, July 27, 2017 4:05 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
>
> John
>
> I am working on a further draft. I am not sure that I see Ron's comments in what you sent me.
>
> Ken
>
> ---
>
> **From:** John Kim
> **Sent:** Thursday, July 27, 2017 3:01 PM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
> **Subject:** RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
>
> Hi Ken,

Ron had some suggestions/edits.

Thanks,

John

As for Risa's question, I believe the handling of the Class A share (custodian, etc.) for the equity injection is outside the scope of the agreement with Energy handling that. Energy, as a sole shareholder, holds the shares today (I understand physically in their vault).

From: Risa Thau
Sent: Thursday, July 27, 2017 11:21 AM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: RE: OFA - MoE MOU Fair Hydro Plan(v3).docx

Hi Everyone,

Can someone please answer my questions that I sent on July 24th, as per attached email.

Thanks,

Risa Thau

From: Kenneth Russell
Sent: Thursday, July 27, 2017 11:09 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Risa Thau <Risa.Thau@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Subject: Re: OFA - MoE MOU Fair Hydro Plan(v3).docx

John

In the MOU the MoE is defined as the Minister rather than as the Ministry. This is because that is the way that MoE is defined in the MoE - OPG draft agreement. I used this defined term for consistency. The typical OFA MOUs use the defined term Ministry. I would be happy to make the change if you wish.

My own preference is to use Ministry. As noted I only used Minister to parallel the other agreement.

Let me know what you would prefer.

I also need to add a provision to reflect Ken's concern about the OFA receiving confirmation that there is a sufficient appropriated amount for each payment.

Ken

Sent from my iPhone

On Jul 27, 2017, at 9:24 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Looks great to me too. I will try to move this soon but had one question for Ken R. The draft has Minister as the counterparty to the agreement. I am okay with it but in various sections, it refers to the Minister throughout for operational items. Could these sections reference the Ministry, instead of the Minister.
>
> John
>
> ---
>
> **From:** Risa Thau
> **Sent:** Monday, July 24, 2017 4:49 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
> **Subject:** RE: OFA - MoE MOU Fair Hydro Plan(v3).docx
>
> Hi Everyone,
>
> I've read over the MOU and have some questions and comments attached.
>
> Thanks,
>
> Risa Thau
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Saturday, July 22, 2017 4:52 PM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Psinas <John.Psinas@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>
> **Subject:** OFA - MoE MOU Fair Hydro Plan(v3).docx
>
> Hi Ken

This looks very good, I have a couple of minor edits and one comment, also sharing with John et al in case they also have any comments.

Thanks
Ken k

From: Gavin He
To: John Kim
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 5:55:55 PM

Hi John,

I am gone for the day. Will get this done tomorrow morning.

Regards,
Gavin He

From: John Kim
Sent: Thursday, November 23, 2017 5:33:48 PM
To: Gavin He
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Ok, let's do up a blue sheet and I can sign now.

From: Gavin He
Sent: Thursday, November 23, 2017 5:08 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks, that's what I am going to do as well. I will put together the package, but given that I need to send a clean copy to Energy as well, I will ask him if he is comfortable with that.

Regards,
Gavin He

From: John Kim
Sent: Thursday, November 23, 2017 5:05 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Yup, let's get it done….leave this to you. Whether to run by Ron again or just to get the execution going. I'd say give Ron a heads up that you're going to send the clean copy of the attached.

John

From: Gavin He
Sent: Thursday, November 23, 2017 5:03 PM

To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

FTD and CMD confirmed that they don't have any changes, and they are good with the Contacts sections as well.

However, I removed my name from the MOU to address Ron's comment below. Are you good with the attached version going to Ron for approval?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?
>
> Thanks,

Gavin He

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 5:01 PM
To: John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Sure. Fine to share, with that caveat.

Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.
4. Confirm the following:

- OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
- Scanned electronic copies for the share subscription form & FAA certificate are acceptable
- Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From: Ronald Kwan
To: Gavin He
Cc: Usman Zahid; John Kim
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 12:24:22 PM

Hi Gavin,

I'm fine with signing. I'd assume that there would be a blue sheet approval form, with Legal sign-off, as well as staff sign-off.

Ron

From: Gavin He
Sent: November 23, 2017 11:35 AM
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Just an administrative question, will you be the one signing off the MOU? Energy is planning to have their ADM sign-off on the MOU, and wants to confirm with us if we are doing the same.

Thanks,
Gavin He

From: Gavin He
Sent: Thursday, November 23, 2017 9:16 AM
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

I haven't heard anything back from them yet. I just followed up with them this morning and hope to hear back from them soon.

I can remove some contact names once I hear back from FTD.

Regards,

Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, November 15, 2017 5:01 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi John,
>
> Sure. Fine to share, with that caveat.
>
> Ron

From: John Kim
Sent: November-15-17 16:46
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM

To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

4. Confirm the following:

- OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
- Scanned electronic copies for the share subscription form & FAA certificate are acceptable
- Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From: Ronald Kwan
To: Gavin He
Cc: Usman Zahid; John Kim
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 9:09:20 AM

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, November 15, 2017 5:01 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi John,
>
> Sure. Fine to share, with that caveat.
>
> Ron
>
> ---
>
> **From:** John Kim
> **Sent:** November-15-17 16:46

To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the

attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- <!--[if !supportLists]-->• <!--[endif]-->The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- <!--[if !supportLists]-->• <!--[endif]-->Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.
- <!--[if !supportLists]-->• <!--[endif]-->Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>;

Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

<!--[if !supportLists]-->1. <!--[endif]-->Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.

<!--[if !supportLists]-->2. <!--[endif]-->

<!--[if !supportLists]-->3. <!--[endif]-->Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

<!--[if !supportLists]-->4. <!--[endif]-->Confirm the following:

- <!--[if !supportLists]--><!--[endif]-->OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
- <!--[if !supportLists]--><!--[endif]-->Scanned electronic copies for the share subscription form & FAA certificate are acceptable
- <!--[if !supportLists]--><!--[endif]-->Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar

Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From: Kenneth Russell
To: Ken Kandeepan
Cc: Gavin He; John Kim
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Wednesday, November 15, 2017 9:46:31 AM

Ken

This is just to confirm that with respect to the comment for paragraph 1 that the form of the certificate for 11.4 and the Appropriated Amount is now a schedule to the MOU.

Ken

Sent from my iPhone

On Nov 15, 2017, at 9:37 AM, Ken Kandeepan <Ken.Kandeepan@ofina.on.ca> wrote:

> Hi Gavin
>
> We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.
>
> From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** Gavin He
> **Sent:** Tuesday, November 14, 2017 9:04 AM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Subject:** FW: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi Ken and Mike,
>
> Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the

discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

<!--[if !supportLists]-->1. <!--[endif]-->Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.

<!--[if !supportLists]-->2. <!--[endif]-->

<!--[if !supportLists]-->3. <!--[endif]-->Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.

<!--[if !supportLists]-->4. <!--[endif]-->Confirm the following:

- <!--[if !supportLists]--><!--[endif]-->OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
- <!--[if !supportLists]--><!--[endif]-->Scanned electronic copies for the share subscription form & FAA certificate are acceptable
- <!--[if !supportLists]--><!--[endif]-->Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He
To: John Kim
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting
Date: Thursday, November 23, 2017 10:05:40 PM

Hi John,

I see. Enjoy your day off!

Regards,
Gavin He

From: John Kim
Sent: Thursday, November 23, 2017 9:51:58 PM
To: Gavin He
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Ok, I am off tomorrow so maybe Monday then. Let's play it by ear.

From: Gavin He
Sent: November-23-17 5:56 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

I am gone for the day. Will get this done tomorrow morning.

Regards,
Gavin He

From: John Kim
Sent: Thursday, November 23, 2017 5:33:48 PM
To: Gavin He
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Ok, let's do up a blue sheet and I can sign now.

From: Gavin He
Sent: Thursday, November 23, 2017 5:08 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks, that's what I am going to do as well. I will put together the package, but given that I need to send a clean copy to Energy as well, I will ask him if he is comfortable with that.

Regards,
Gavin He

From: John Kim
Sent: Thursday, November 23, 2017 5:05 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Yup, let's get it done….leave this to you. Whether to run by Ron again or just to get the execution going. I'd say give Ron a heads up that you're going to send the clean copy of the attached.

John

From: Gavin He
Sent: Thursday, November 23, 2017 5:03 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

FTD and CMD confirmed that they don't have any changes, and they are good with the Contacts sections as well.

However, I removed my name from the MOU to address Ron's comment below. Are you good with the attached version going to Ron for approval?

Thanks,
Gavin He

From: Ronald Kwan
Sent: Thursday, November 23, 2017 9:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin,

Was there any feedback from fTD or CMD?

And that's a lot of contact names!

Ron

On Nov 22, 2017, at 8:58 AM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ron,
>
> Please find attached the latest draft version of the MOU with comments from ENERGY and OFA Legal. ENERGY has confirmed that they are good with this final draft version and would like to get confirmation from us today.
>
> I have shared the attached draft with FTD and CMD for comments, specifically, to confirm the contacts information from OFA side.
>
> Could you please review the attached MOU and let us know if you have any concerns/comments?
>
> Thanks,
> Gavin He
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, November 15, 2017 5:01 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi John,
>
> Sure. Fine to share, with that caveat.
>
> Ron
>
> ---
>
> **From:** John Kim
> **Sent:** November-15-17 16:46
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** Usman Zahid <Usman.Zahid@ofina.on.ca>
> **Subject:** RE: OFA/Energy MOU - Follow up from Nov 9 meeting
>
> Hi Ron,
>
> One of the principles that guided us, which was an input from Ken R., was that if we are more involved, then we are more accountable. We wanted this to be a responsibility of Energy to keep track of the appropriation amount and that they are requesting

payments within it. Ken K. had suggested getting more detailed information and was convinced otherwise. So things were kept simple but to meet the legal test under the Financial Administration Act.

Energy is looking for the draft documents today (SNAP), would it be okay to send to them caveating that we may have further changes to the Certificate?

Thanks,

John

From: Ronald Kwan
Sent: Wednesday, November 15, 2017 4:00 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Thanks Gavin. That appears to meet my request on certification on the appropriation room as well.

I would note that OPG's certificate for disbursements under ONFA is somewhat more detailed. Would some of its components (an example is attached) have been considered for inclusion in the certificate for the equity injection?

Ron

From: Gavin He
Sent: November-15-17 13:59
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ron,

Following the OFA/Energy MOU meeting regarding the equity injection last week, Ken Russell has updated the MOU and the Certificate form based on the discussion, and the attached have been reviewed by FTD and CMD's. Below are some key comments from the discussion/review:

- The MOU should include timing on when the Subscription Form and Certificate Form are required before the payments can be made.
- Ken Kandeepan had a comment that we should have mechanism to confirm that Energy has enough Appropriated Amount for the payment. Ken Russell is of the view that this takes the OFA's role beyond payment agent to monitoring and that the MOU should maintain the process from previous MOUs and

require only that MoE certify that there is a sufficient Appropriated Amount for the payment. Therefore, Ken R. added a confirmation language in the Certificate Form to address this. Ken K. agreed and was good with this approach.

- Ken K. also suggested adding OPG's wire transfer information as a separate schedule in the MOU.

CMD also reviewed and they don't have any comments.

Also, getting back to your question previously on whether OPG is entitled to receive the payment from MoE under FAA. Ken R. responded that the language of the Certificate Form tracks the language of the statute, and he included wording in the Certificate Form to get Energy to confirm that OPG is entitled to the payment. However, if you like, he said we could add some wording such as "OPG is entitled to the payment since MoE is required to subscribe for the Class A shares under the Master Subscription Agreement."

Could you please review the draft and let us know if we can share this with Energy? They would like to get this approved by the end of this week.

Regards,
Gavin He

From: Ken Kandeepan
Sent: Wednesday, November 15, 2017 9:37 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Gavin

We have no comments on the MOU and the certificate, my previous suggestions have been incorporated by Ken R. With regard to Energy's questions pls see below in red.

From a cash management perspective Alfonso would like to have a contact in energy who can provide on a monthly basis the cash outflow with regard to this payment. Much appreciated if you can follow up with Energy and provide him with the contact details.

Thanks

Ken k

From: Gavin He
Sent: Tuesday, November 14, 2017 9:04 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Subject: FW: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi Ken and Mike,

Last week, we attended a meeting with Energy and OPG to discuss the Master Subscription Agreement for the equity injection process. Ken Russell drafted a MOU between OFA and Energy before about making the equity injection payments on Energy's behalf. Also, Ken R. drafted a FAA section 11.4 certificate form as well. After the meeting, Ken R. has updated both document, see attached, based on the discussion.

Could you please kindly review and let us know if you have any comments/concerns by **noon tomorrow, Wednesday, November 15th, 2017**? In addition, could you please review and confirm questions 2&3 from Energy in below email?

Please let me know if you would like to discuss this in person, and we can set up a brief meeting. Thanks in advance for your cooperation.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Friday, November 10, 2017 11:29 AM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Graham Young (MOI) <Graham.Young@ontario.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Ogunrinde, Deni (ENERGY) <Deni.Ogunrinde@ontario.ca>; Sawwaf, Khareem (ENERGY) <Khareem.Sawwaf@ontario.ca>; Tom McKinlay (MAG) <Tom.McKinlay@ontario.ca>
Subject: OFA/Energy MOU - Follow up from Nov 9 meeting

Hi John,

Thanks for meeting with us yesterday on the equity injection process. It was helpful to have everyone together in one place.

I hope to get the ENERGY-OFA MOU completed and ready for approvals by the end of

next week. In order to do that, these are the following outstanding pieces. Right now, the OFA is holding the pen on the document, so it makes sense for you to include these items in the version you are working off and we can review next week:

1. Template for the FAA Section 11.4 certificate. I propose we include this as a schedule to the MOU. Also, please confirm the timing of when the certificate should be provided to OFA each month i.e., alongside the share subscription form, or after the payments have been made. Settlements would like updated wire transfer information from OPG and adding it as a separate schedule is a good idea.
2.

3. Identify how ENERGY should confirm that there is sufficient Appropriated Amount for the payments each month. The need for this is identified in 2b of the draft MOU. As discussed yesterday, it would be ideal if this could be done in the same certificate mentioned above. Agreed, the certificate as it stands does provide for this.
4. Confirm the following:
    - OFA has OPG's wire transfer information (suggest including this information as a separate schedule)
    - Scanned electronic copies for the share subscription form & FAA certificate are acceptable
    - Every month, the OFA will inform the Ministry of Energy via email once the payments have been made. Yes, Settlements can do that.

Let us know if you have any questions. We are working with our legal on the delegation memos. Also as discussed at yesterday's meeting, we will update the flowchart and circulate.
Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

<OFA - MoE MOU Fair Hydro Plan_v11.docx>

From:	Kenneth Russell
To:	John Kim
Cc:	Tobias P. Whitfield (MOF); Bruno Amara; Sarah Neville; Malle Hanslep (MOF)
Subject:	Re: OFHP - Business Issue next steps
Date:	Monday, July 17, 2017 11:59:44 AM

John

It seems to me that if the OFA was to take on delegated operational responsibility it would in effect have responsibility under the MSA and an argument would exist that it should be a party.

My view is that we should have an internal discussion about the role of the OFA before speaking to MoE.

Ken

Sent from my iPhone

> On Jul 17, 2017, at 11:54 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> I would be happy if a reach out to Energy Legal is made.
>
> Even if a delegated operational role is taken on, I wasn't sure why the OFA would need to be a party to the MSA but would help to hear Energy Legal's perspective.
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: Monday, July 17, 2017 11:52 AM
> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: Re: OFHP - Business Issue next steps
>
> I agree that a discussion would be useful.
>
> It seems to me that the first thing to clarify is the role of the OFA. Is the OFA to simply provide financial services or is it prepared to take on a delegated operational role? My view is that for the OFA to take on an operational role some significant issues would have to be addressed.
>
> Ken
>
>
>
> Sent from my iPhone
>
>> On Jul 17, 2017, at 11:25 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>>
>> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>>
>>
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance

>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca
>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>>
>> _____
>> From: John Kim [John.Kim@ofina.on.ca]
>> Sent: Monday, July 17, 2017 11:23 AM
>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks for the follow up. I got sidetracked on a few things.
>>
>> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>>
>> John
>>
>> -----Original Message-----
>> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
>> Sent: Monday, July 17, 2017 11:18 AM
>> To: John Kim <John.Kim@ofina.on.ca>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>>
>> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>>
>> Toby
>>
>> Tobias Whitfield
>> Counsel, Legal Services Branch
>> Ministry of Finance
>> 777 Bay Street, 11th Floor
>> Toronto, ON
>> M5G 2C8
>> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
>> Phone: 416-325-1456
>>
>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>> _____

>> From: Montgomery, Kaitlin (MOF)
>> Sent: Friday, July 14, 2017 10:42 AM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi - There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document- ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>>
>> Happy to discuss,
>> Kaitlin
>> 6.6343
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: July 11, 2017 2:49 PM
>> To: Kim, John (OFA)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>>
>>
>> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
>>
>> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>>
>> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>>
>> Thanks,
>> Kaitlin
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 11, 2017 2:16 PM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Kaitlin,
>>
>> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>>
>> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>>
>> Happy to discuss.
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Friday, July 07, 2017 3:34 PM

>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>>
>> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
>>
>> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>>
>> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>>
>> Happy to discuss,
>> Kaitlin
>> 416.326.6343
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 7, 2017 3:12 PM
>> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Malle,
>>
>> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>>
>> Looping Kaitlin in as she has been in contact with OPG on this one.
>>
>> Thanks,
>>
>> John
>>
>> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>> Sent: Thursday, July 06, 2017 10:04 AM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>

>> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>>
>> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>>
>> Thank you.
>>
>> Malle
>>
>> From: Hanslep, Malle (MOF)
>> Sent: July 5, 2017 9:57 AM
>> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi John,
>>
>> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>>
>> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
>>
>> The commitments in section 1 seem very broad and open-ended - The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>>
>> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
>>
>> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>>
>> Thanks.
>>
>> Malle
>>
>>
>>
>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>> Sent: July 4, 2017 1:48 PM
>> To: Whitfield, Tobias P. (MOF)
>> Cc: Bruno Amara; Hanslep, Malle (MOF)
>> Subject: FW: OFHP - Business Issue next steps
>>
>> Hi Toby,
>>
>> Just wanted to get something going with an introductory email and to provide you with some context.
>>
>> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>>

>> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
>>
>> Happy to discuss.
>>
>> Thanks,
>>
>> John
>>
>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 28, 2017 9:55 AM
>> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
>> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>>
>> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>>
>> Kaitlin
>>
>> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
>> Sent: June 24, 2017 11:45 AM
>> To: Montgomery, Kaitlin (MOF)
>> Cc: Kim, John (OFA); Manning, Mike (OFA)
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi Kaitlin
>>
>> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
>>
>> Thanks
>>
>> Ken k
>> From
>> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>> Sent: Wednesday, June 21, 2017 2:27 PM
>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>> Subject: RE: OFHP - Business Issue next steps
>>
>> Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

>>
>> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?
>>
>> Thanks,
>> Kaitlin
>>
>> From: Montgomery, Kaitlin (MOF)
>> Sent: June 5, 2017 3:55 PM
>> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
>> Subject: OFHP - Business Issue next steps
>>
>> Hi everyone,
>>
>> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>>
>>
>> 1. Equity Injection Mechanics (draft term sheet attached)
>>
>> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>>
>> 2. Performance Fee Recommendation (OPG recommended approach attached)
>>
>> a. If comfortable, OPG would assist ENE in developing regulation language
>>
>> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>>
>> Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?
>>
>> Thanks in advance,
>> Kaitlin
>>
>>
>>
>> _____
>>
>> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kenneth Russell
To: Tobias P. Whitfield (MOF)
Cc: John Kim; Bruno Amara; Sarah Neville; Malle Hanslep (MOF)
Subject: Re: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 11:54:38 AM

Tobias

As I noted in my e-mail that crossed with yours I agree that these are the significant issues.

Ken

Sent from my iPhone

> On Jul 17, 2017, at 11:49 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>
> Further to my last email, I realize it was an incomplete thought.
>
> I did take a look at the earlier communication about what the reasoning for the OFA to be a party is. I am wondering if there should be a business level discussion about the roles of the parties. It seems to me that it makes sense that Energy is monitoring and reviewing/approving each injection, but please let me know if you think that the OFA would be doing that on behalf of Energy. I would think that the role of the OFA in the term sheet is not to make the calculations or determine whether the amount being requested by OPG is the correct amount, but more in terms of managing the actual flow of funds.
>
> It might be helpful if someone set out what they see as the role of the OFA (I know that the SLA is being drafted, and that it will give more detail to this issue) in the monthly purchase of OPG shares. The role of the OFA at the stage of "settle equity injection amounts" is unclear, and I think this is the stage at which the roles need to be more clearly set out if the OFA is to do more than would normally occur in an SLA.
>
> Once the role is determined, then how (and if) the OFA should be a party to the Subscription Agreement can be more clearly understood.
>
> Toby
>
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> 777 Bay Street, 11th Floor
> Toronto, ON
> M5G 2C8
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>
> _____
> From: Whitfield, Tobias P. (MOF)
> Sent: Monday, July 17, 2017 11:25 AM
> To: John Kim

> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> 777 Bay Street, 11th Floor
> Toronto, ON
> M5G 2C8
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>
> _____
> From: John Kim [John.Kim@ofina.on.ca]
> Sent: Monday, July 17, 2017 11:23 AM
> To: Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Thanks for the follow up. I got sidetracked on a few things.
>
> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>
> John
>
> -----Original Message-----
> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
> Sent: Monday, July 17, 2017 11:18 AM
> To: John Kim <John.Kim@ofina.on.ca>
> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: RE: OFHP - Business Issue next steps
>
> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>
> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance

> 777 Bay Street, 11th Floor
> Toronto, ON
> M5G 2C8
> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
> Phone: 416-325-1456
>
> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
> _____
> From: Montgomery, Kaitlin (MOF)
> Sent: Friday, July 14, 2017 10:42 AM
> To: Kim, John (OFA)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>
> Happy to discuss,
> Kaitlin
> 6.6343
>
> From: Montgomery, Kaitlin (MOF)
> Sent: July 11, 2017 2:49 PM
> To: Kim, John (OFA)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>
>
> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
>
> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>
> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>
> Thanks,
> Kaitlin
> From: John Kim [mailto:John.Kim@ofina.on.ca]
> Sent: July 11, 2017 2:16 PM
> To: Montgomery, Kaitlin (MOF)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi Kaitlin,
>
> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master

Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>
> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>
> Happy to discuss.
>
> John
>
> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> Sent: Friday, July 07, 2017 3:34 PM
> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>
> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
>
> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>
> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>
> Happy to discuss,
> Kaitlin
> 416.326.6343
>
> From: John Kim [mailto:John.Kim@ofina.on.ca]
> Sent: July 7, 2017 3:12 PM
> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi Malle,
>
> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>
> Looping Kaitlin in as she has been in contact with OPG on this one.
>
> Thanks,
>
> John

>
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Thursday, July 06, 2017 10:04 AM
> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> Hi John,
>
> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>
> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>
> Thank you.
>
> Malle
>
> From: Hanslep, Malle (MOF)
> Sent: July 5, 2017 9:57 AM
> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara
> Subject: RE: OFHP - Business Issue next steps
>
> Hi John,
>
> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>
> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
>
> The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>
> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
>
> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>
> Thanks.
>
> Malle
>
>
>
> From: John Kim [mailto:John.Kim@ofina.on.ca]
> Sent: July 4, 2017 1:48 PM

> To: Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara; Hanslep, Malle (MOF)
> Subject: FW: OFHP - Business Issue next steps
>
> Hi Toby,
>
> Just wanted to get something going with an introductory email and to provide you with some context.
>
> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>
> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
>
> Happy to discuss.
>
> Thanks,
>
> John
>
> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> Sent: Wednesday, June 28, 2017 9:55 AM
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>
> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>
> Kaitlin
>
> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
> Sent: June 24, 2017 11:45 AM
> To: Montgomery, Kaitlin (MOF)
> Cc: Kim, John (OFA); Manning, Mike (OFA)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi Kaitlin
>
> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
>
> Thanks
>
> Ken k
> From

> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> Sent: Wednesday, June 21, 2017 2:27 PM
> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
>
> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?
>
> Thanks,
> Kaitlin
>
> From: Montgomery, Kaitlin (MOF)
> Sent: June 5, 2017 3:55 PM
> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
> Subject: OFHP - Business Issue next steps
>
> Hi everyone,
>
> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>
>
> 1. Equity Injection Mechanics (draft term sheet attached)
>
> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>
> 2. Performance Fee Recommendation (OPG recommended approach attached)
>
> a. If comfortable, OPG would assist ENE in developing regulation language
>
> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>
> Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?
>
> Thanks in advance,
> Kaitlin
>
>
>
> _____
>
> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and

may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kenneth Russell
To: Tobias P. Whitfield (MOF)
Cc: John Kim; Bruno Amara; Sarah Neville; Malle Hanslep (MOF)
Subject: Re: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 11:51:31 AM

I agree that a discussion would be useful.

It seems to me that the first thing to clarify is the role of the OFA. Is the OFA to simply provide financial services or is it prepared to take on a delegated operational role? My view is that for the OFA to take on an operational role some significant issues would have to be addressed.

Ken

Sent from my iPhone

> On Jul 17, 2017, at 11:25 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>
> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> 777 Bay Street, 11th Floor
> Toronto, ON
> M5G 2C8
> tobias.whitfield@ontario.ca
> Phone: 416-325-1456
>
> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>
> _____
> From: John Kim [John.Kim@ofina.on.ca]
> Sent: Monday, July 17, 2017 11:23 AM
> To: Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Thanks for the follow up. I got sidetracked on a few things.
>
> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>
> John
>

> -----Original Message-----
> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
> Sent: Monday, July 17, 2017 11:18 AM
> To: John Kim <John.Kim@ofina.on.ca>
> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: RE: OFHP - Business Issue next steps
>
> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>
> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>
> Toby
>
> Tobias Whitfield
> Counsel, Legal Services Branch
> Ministry of Finance
> 777 Bay Street, 11th Floor
> Toronto, ON
> M5G 2C8
> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
> Phone: 416-325-1456
>
> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
> _____
> From: Montgomery, Kaitlin (MOF)
> Sent: Friday, July 14, 2017 10:42 AM
> To: Kim, John (OFA)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi – There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document– ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>
> Happy to discuss,
> Kaitlin
> 6.6343
>
> From: Montgomery, Kaitlin (MOF)
> Sent: July 11, 2017 2:49 PM
> To: Kim, John (OFA)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>
>

> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
>
> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>
> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>
> Thanks,
> Kaitlin
> From: John Kim [mailto:John.Kim@ofina.on.ca]
> Sent: July 11, 2017 2:16 PM
> To: Montgomery, Kaitlin (MOF)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi Kaitlin,
>
> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>
> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>
> Happy to discuss.
>
> John
>
> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> Sent: Friday, July 07, 2017 3:34 PM
> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>
> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
>
> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>
> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>

> Happy to discuss,
> Kaitlin
> 416.326.6343
>
> From: John Kim [mailto:John.Kim@ofina.on.ca]
> Sent: July 7, 2017 3:12 PM
> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi Malle,
>
> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>
> Looping Kaitlin in as she has been in contact with OPG on this one.
>
> Thanks,
>
> John
>
> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
> Sent: Thursday, July 06, 2017 10:04 AM
> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> Hi John,
>
> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a “service” type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>
> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>
> Thank you.
>
> Malle
>
> From: Hanslep, Malle (MOF)
> Sent: July 5, 2017 9:57 AM
> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara
> Subject: RE: OFHP - Business Issue next steps
>
> Hi John,
>
> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal’s input so I will send this to Sarah Neville for her review too if that’s ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>
> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

>
> The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>
> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
>
> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>
> Thanks.
>
> Malle
>
>
>
> From: John Kim [mailto:John.Kim@ofina.on.ca]
> Sent: July 4, 2017 1:48 PM
> To: Whitfield, Tobias P. (MOF)
> Cc: Bruno Amara; Hanslep, Malle (MOF)
> Subject: FW: OFHP - Business Issue next steps
>
> Hi Toby,
>
> Just wanted to get something going with an introductory email and to provide you with some context.
>
> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>
> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
>
> Happy to discuss.
>
> Thanks,
>
> John
>
> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> Sent: Wednesday, June 28, 2017 9:55 AM
> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>
> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>

> Kaitlin
>
> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
> Sent: June 24, 2017 11:45 AM
> To: Montgomery, Kaitlin (MOF)
> Cc: Kim, John (OFA); Manning, Mike (OFA)
> Subject: RE: OFHP - Business Issue next steps
>
> Hi Kaitlin
>
> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
>
> Thanks
>
> Ken k
> From
> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> Sent: Wednesday, June 21, 2017 2:27 PM
> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
> Subject: RE: OFHP - Business Issue next steps
>
> Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
>
> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?
>
> Thanks,
> Kaitlin
>
> From: Montgomery, Kaitlin (MOF)
> Sent: June 5, 2017 3:55 PM
> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
> Subject: OFHP - Business Issue next steps
>
> Hi everyone,
>
> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>
>
> 1. Equity Injection Mechanics (draft term sheet attached)
>
> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>
> 2. Performance Fee Recommendation (OPG recommended approach attached)

>
> a. If comfortable, OPG would assist ENE in developing regulation language
>
> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>
> Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?
>
> Thanks in advance,
> Kaitlin
>
>
>
> _____
>
> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kenneth Russell
To: John Kim
Cc: Sarah Neville; Ken Kandeepan; Mike Manning
Subject: Re: OFHP - Business Issue next steps
Date: Friday, July 14, 2017 10:04:36 AM

John

My initial view is that the notice under 1. should be directed to MoE but could be copied to the OFA.

Consistent with that position and with the procedures under prior service agreements a delegation of authority from MoE to the OFA under 3 would not be appropriate.

Ken

Sent from my iPhone

On Jul 14, 2017, at 9:42 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Ken, Sarah,
>
> Any issue on OFA being listed in the MSA, per #1 below? To the extent that SLA/MOU would clearly indicate that Energy is responsible and the OFA facilitates certain services, I don't have a problem with #1.
>
> In terms of #3, we may want to put the onus on Energy to notify OFA if any material changes occur, e.g. law/legal framework, approvals in place for the equity injection, etc., but if it is Energy's preference to stay out operationally, I don't know if I'd see a problem with that.
>
> Open to other views.
>
> John
>
> ---
>
> **From:** Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
> **Sent:** Tuesday, July 11, 2017 2:49 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
> **Subject:** RE: OFHP - Business Issue next steps
>
> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:

<!--[if !supportLists]-->1. <!--[endif]-->Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?

<!--[if !supportLists]-->2. <!--[endif]-->When do you expect a draft SLA/MOU to be ready for ENE legal review?

<!--[if !supportLists]-->3. <!--[endif]-->Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?

Thanks,
Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 11, 2017 2:16 PM
To: Montgomery, Kaitlin (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin,

Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.

Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.

Happy to discuss.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 07, 2017 3:34 PM
To: John Kim <John.Kim@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.

I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a

couple times through so suspect ENE legal would have a copy.

I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.

I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.

Happy to discuss,
Kaitlin
416.326.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 7, 2017 3:12 PM
To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Hi Malle,

My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.

Looping Kaitlin in as she has been in contact with OPG on this one.

Thanks,

John

From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
Sent: Thursday, July 06, 2017 10:04 AM
To: John Kim <John.Kim@ofina.on.ca>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John,

Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a “service” type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.

Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.

Thank you.

Malle

From: Hanslep, Malle (MOF)
Sent: July 5, 2017 9:57 AM
To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
Cc: Bruno Amara
Subject: RE: OFHP - Business Issue next steps

Hi John,

Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal’s input so I will send this to Sarah Neville for her review too if that’s ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would

I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?

The commitments in section 1 seem very broad and open-ended – The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?

Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.

Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.

Thanks.

Malle

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 4, 2017 1:48 PM
To: Whitfield, Tobias P. (MOF)
Cc: Bruno Amara; Hanslep, Malle (MOF)
Subject: FW: OFHP - Business Issue next steps

Hi Toby,

Just wanted to get something going with an introductory email and to provide you with some context.

Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.

I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)

Happy to discuss.

Thanks,

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 28, 2017 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Kenneth Russell
To: John Kim
Cc: Ken Kandeepan; Mike Manning; Sarah Neville; Malle Hanslep (MOF); Tobias P. Whitfield (MOF)
Subject: Re: OFHP - Business Issue next steps
Date: Tuesday, July 11, 2017 4:16:35 PM

John

I will put together a draft service agreement modelled on the NIER agreement as a start.

Ken

Sent from my iPhone

On Jul 11, 2017, at 4:14 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi,
>
> FYI, an email from Ken's staff in FTD made me realize there was a version of the draft agreement.
>
> I've been looping everyone in so that all are on the same page.
>
> I think we are on the same page in taking the approach of not being party to the Master Subscription Agreement and having a separate MOU/SLA (between Energy and the OFA).
>
> John
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Sunday, July 09, 2017 11:39 AM
> **To:** Opal Kandelas <Opal.Kandelas@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>; Risa Thau <Risa.Thau@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Alfonso Soriano <Alfonso.Soriano@ofina.on.ca>
> **Cc:** Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
> **Subject:** FW: OFHP - Business Issue next steps
>
> I went through this quickly and I don't have any comments; I believe that the actual transfer of funds to OPG for the equity injection will be governed by a SLA between OFA and the Ministry of Energy and we of course need to review that carefully. However, I would like you take a quick look and let me know if you have any comments.
>
> Thanks
>
> Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, July 06, 2017 9:12 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

As mentioned yesterday – this is a draft of the Master Subscription Agreement.

Please let me know if you have any suggested edits.

Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 28, 2017 9:55 AM
To: Kandeepan, Ken (OFA)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k

From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)
    a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
2. Performance Fee Recommendation (OPG recommended approach attached)
    a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send

around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<Fair Hydro - MasterSubscripAgt - June 22_OPG.DOCX>

From: Montgomery, Kaitlin (MOF)
To: John Kim
Subject: Re: OFHP - Business Issue next steps
Date: Wednesday, June 28, 2017 10:22:05 PM

Nope that would be great

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: John Kim
Sent: Wednesday, June 28, 2017 9:48 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP - Business Issue next steps

Would you mind if I share this with Toby at Legal? I wanted to engage him on the potential SLA. This would help provide context.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: June-28-17 9:55 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Thanks Ken – Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.

OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.

Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: June 24, 2017 11:45 AM
To: Montgomery, Kaitlin (MOF)
Cc: Kim, John (OFA); Manning, Mike (OFA)
Subject: RE: OFHP - Business Issue next steps

Hi Kaitlin

My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e.,
We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.

Thanks

Ken k
From
: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning

<Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

1. Equity Injection Mechanics (draft term sheet attached)

a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

2. Performance Fee Recommendation (OPG recommended approach attached)

a. If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Salman Qadir
Cc: Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject: Re: OFHP - Business Issue next steps
Date: Wednesday, June 21, 2017 5:38:36 PM

Energy will hold. We can call tomorrow together

Sent from my iPhone

On Jun 21, 2017, at 5:01 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> Hi John,
>
> Do you want me to ask Toby who will hold the new shares? Who holds OPG's current shares? Is there someone in MOF who can tell us this? Also, why would we do anything different? I think John Psinas spoke about this in some of our discussions but I could be wrong?
>
> Regards,
> Salman
>
> ---
>
> **From:** John Kim
> **Sent:** Wednesday, June 21, 2017 4:54 PM
> **To:** Salman Qadir <Salman.Qadir@ofina.on.ca>
> **Cc:** Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** Re: OFHP - Business Issue next steps
>
> Happy to have you give Toby a call
>
> Sent from my iPhone
>
> On Jun 21, 2017, at 4:24 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:
>
> > I would say its MOF legal, since it's the Minister of Finance vs Minister of Energy holding the shares etc… OFA is just a service provider no?
> >
> > Also, would Minister of Energy also be getting an appropriation for the IOD? I also don't recall if we settled on how interest payments would flow through to rate payers etc.. higher ups may have, but maybe to flag as I don't know how that would impact this if at all.
> >
> > ---
> >
> > **From:** John Kim

Sent: Wednesday, June 21, 2017 4:20 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

You know what my main concern is?

I don't know if the process of equity injecting would be blessed by respective Legal branches. I know the TB approval was made for $1.1bn. But the shares are to be owned by or held by Energy as a shareholder. How would they delegate that authority to MOF or to OFA. Could we seek Legal views on that? Who would that be? MOF Legal or OFA Legal?

From: Salman Qadir
Sent: Wednesday, June 21, 2017 4:09 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi John - I have no substantive comments.

Although I would suggest it be clear internally (at the OFA) who will do what (or if its all CMD?). I also assume we will not be expecting a rate of return on our equity to offset our borrowing interest costs? Not sure if that was dealt with in some discussions..

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 3:34 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Any concerns?

From: Montgomery, Kaitlin (MOF)
[mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

<!--[if !supportLists]-->1. <!--[endif]-->Equity Injection Mechanics (draft term sheet attached)
    <!--[if !supportLists]-->a. <!--[endif]-->If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
<!--[if !supportLists]-->2. <!--[endif]-->Performance Fee Recommendation (OPG recommended approach attached)
    <!--[if !supportLists]-->a. <!--[endif]-->If comfortable, OPG

would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated “business issues” note, which I’ll send around for everyone’s input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there’s no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From: John Kim
To: Salman Qadir
Cc: Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject: Re: OFHP - Business Issue next steps
Date: Wednesday, June 21, 2017 4:54:15 PM

Happy to have you give Toby a call

Sent from my iPhone

On Jun 21, 2017, at 4:24 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> I would say its MOF legal, since it's the Minister of Finance vs Minister of Energy holding the shares etc… OFA is just a service provider no?
>
> Also, would Minister of Energy also be getting an appropriation for the IOD? I also don't recall if we settled on how interest payments would flow through to rate payers etc.. higher ups may have, but maybe to flag as I don't know how that would impact this if at all.
>
> ---
>
> **From:** John Kim
> **Sent:** Wednesday, June 21, 2017 4:20 PM
> **To:** Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** RE: OFHP - Business Issue next steps
>
> You know what my main concern is?
>
> I don't know if the process of equity injecting would be blessed by respective Legal branches. I know the TB approval was made for $1.1bn. But the shares are to be owned by or held by Energy as a shareholder. How would they delegate that authority to MOF or to OFA. Could we seek Legal views on that? Who would that be? MOF Legal or OFA Legal?
>
> ---
>
> **From:** Salman Qadir
> **Sent:** Wednesday, June 21, 2017 4:09 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
> **Subject:** RE: OFHP - Business Issue next steps
>
> Hi John - I have no substantive comments.

Although I would suggest it be clear internally (at the OFA) who will do what (or if its all CMD?). I also assume we will not be expecting a rate of return on our equity to offset our borrowing interest costs? Not sure if that was dealt with in some discussions..

Regards,
Salman

From: John Kim
Sent: Wednesday, June 21, 2017 3:34 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: OFHP - Business Issue next steps

Any concerns?

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, June 21, 2017 2:27 PM
To: John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Subject: RE: OFHP - Business Issue next steps

Hi all – just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.

At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE – is there a similar agreement you already have in place that we could work from?

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: June 5, 2017 3:55 PM
To: Kim, John (OFA) (John.Kim@ofina.on.ca); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca); Manning, Mike (OFA)
Subject: OFHP - Business Issue next steps

Hi everyone,

As a follow up to today's meeting there are a couple items I think can move forward at this point.

<!--[if !supportLists]-->1. <!--[endif]-->Equity Injection Mechanics (draft term sheet attached)

<!--[if !supportLists]-->a. <!--[endif]-->If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares

<!--[if !supportLists]-->2. <!--[endif]-->Performance Fee Recommendation (OPG recommended approach attached)

<!--[if !supportLists]-->a. <!--[endif]-->If comfortable, OPG would assist ENE in developing regulation language

My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.

Could you please confirm you have no further comments and that you agree with this approach and also that there's no other materials/terms that you think need to move up through approvals at this point in time?

Thanks in advance,
Kaitlin

From: Kenneth Russell
To: John Kim
Subject: Re: OFHP - Business Issue next steps
Date: Monday, July 17, 2017 12:08:11 PM

John

My questions are in the e-mail I sent
You last week. Do you have it available?

Ken

Sent from my iPhone

> On Jul 17, 2017, at 12:06 PM, John Kim <John.Kim@ofina.on.ca> wrote:
>
> Sure, I will set it up and I have a few questions around the delegated operational role.
>
> John
>
> -----Original Message-----
> From: Kenneth Russell
> Sent: Monday, July 17, 2017 12:00 PM
> To: John Kim <John.Kim@ofina.on.ca>
> Cc: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
> Subject: Re: OFHP - Business Issue next steps
>
> John
>
> It seems to me that if the OFA was to take on delegated operational responsibility it would in effect have responsibility under the MSA and an argument would exist that it should be a party.
>
> My view is that we should have an internal discussion about the role of the OFA before speaking to MoE.
>
> Ken
>
> Sent from my iPhone
>
>> On Jul 17, 2017, at 11:54 AM, John Kim <John.Kim@ofina.on.ca> wrote:
>>
>> I would be happy if a reach out to Energy Legal is made.
>>
>> Even if a delegated operational role is taken on, I wasn't sure why the OFA would need to be a party to the MSA but would help to hear Energy Legal's perspective.
>>
>> -----Original Message-----
>> From: Kenneth Russell
>> Sent: Monday, July 17, 2017 11:52 AM
>> To: Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca>
>> Cc: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
>> Subject: Re: OFHP - Business Issue next steps
>>
>> I agree that a discussion would be useful.

>>
>> It seems to me that the first thing to clarify is the role of the OFA. Is the OFA to simply provide financial services or is it prepared to take on a delegated operational role? My view is that for the OFA to take on an operational role some significant issues would have to be addressed.
>>
>> Ken
>>
>>
>>
>> Sent from my iPhone
>>
>>> On Jul 17, 2017, at 11:25 AM, Whitfield, Tobias P. (MOF) <Tobias.Whitfield@ontario.ca> wrote:
>>>
>>> Any indication of what the reasoning is? We can have a conversation with Energy legal directly to understand better, if that helps. Do you know who at energy legal is working on this?
>>>
>>>
>>> Toby
>>>
>>> Tobias Whitfield
>>> Counsel, Legal Services Branch
>>> Ministry of Finance
>>> 777 Bay Street, 11th Floor
>>> Toronto, ON
>>> M5G 2C8
>>> tobias.whitfield@ontario.ca
>>> Phone: 416-325-1456
>>>
>>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>>>
>>> _____
>>> From: John Kim [John.Kim@ofina.on.ca]
>>> Sent: Monday, July 17, 2017 11:23 AM
>>> To: Whitfield, Tobias P. (MOF)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Thanks for the follow up. I got sidetracked on a few things.
>>>
>>> I had a call with Kaitlin last Friday and she's mentioned to me that Energy Legal seems to be fairly firm on wanting OFA to be a party to the agreement. We will need to sort this out for sure.
>>>
>>> John
>>>
>>> -----Original Message-----
>>> From: Whitfield, Tobias P. (MOF) [mailto:Tobias.Whitfield@ontario.ca]
>>> Sent: Monday, July 17, 2017 11:18 AM
>>> To: John Kim <John.Kim@ofina.on.ca>
>>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>; Kenneth Russell <Kenneth.Russell@ofina.on.ca>; Sarah Neville <Sarah.Neville@ofina.on.ca>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi - we are wondering if it makes sense to discuss this issue further. I know that OFA legal had questioned

whether the OFA needed to be a party to this agreement, and I am not sure what the reasoning is behind making it one, but I think it would help to have a discussion about what is driving this request.
>>>
>>> I have not included Kaitlin in this email, but happy to include her in the conversation as well if it makes sense.
>>>
>>> Toby
>>>
>>> Tobias Whitfield
>>> Counsel, Legal Services Branch
>>> Ministry of Finance
>>> 777 Bay Street, 11th Floor
>>> Toronto, ON
>>> M5G 2C8
>>> tobias.whitfield@ontario.ca<mailto:tobias.whitfield@ontario.ca>
>>> Phone: 416-325-1456
>>>
>>> This e-mail, including any attachment, was intended for a specific recipient. It may contain information that is confidential or exempt from disclosure, it may have been provided from one government to another in confidence, or it may be subject to privilege, including solicitor-client privilege. Any privilege that exists is not waived. If you are not the intended recipient: (1) do not distribute it to another person or use it for any purpose, and (2) delete it and advise me by return e-mail or telephone of your doing so.
>>> _____
>>> From: Montgomery, Kaitlin (MOF)
>>> Sent: Friday, July 14, 2017 10:42 AM
>>> To: Kim, John (OFA)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi - There's a strong interest in proceeding with the OFA as a party to the MSA. In terms of the significant reworking that you mentioned to make this agreeable I'm happy to take back any edits to the document- ENE legal has some edits to make as well but I think it would be helpful to see what works from the OFA's perspective first. I don't see any major policy issues popping up in this document its more just mechanics.
>>>
>>> Happy to discuss,
>>> Kaitlin
>>> 6.6343
>>>
>>> From: Montgomery, Kaitlin (MOF)
>>> Sent: July 11, 2017 2:49 PM
>>> To: Kim, John (OFA)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Ok I'll run that by ENE and see if there's any major concerns. Couple follow ups:
>>>
>>>
>>> 1. Can we still have a contact at OFA listed in the MSA that OPG can provide notice to?
>>>
>>> 2. When do you expect a draft SLA/MOU to be ready for ENE legal review?
>>>
>>> 3. Will ENE need to give OFA approval every month to issue the equity or can we delegate that authority for "up to xxB annually"?
>>>
>>> Thanks,
>>> Kaitlin

>>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>>> Sent: July 11, 2017 2:16 PM
>>> To: Montgomery, Kaitlin (MOF)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi Kaitlin,
>>>
>>> Following our call, I had an internal discussion. Our preference is that the OFA not be a party to the Master Subscription Agreement. If we are to be a party, the agreement would need to reviewed and reworked fairly materially. If there is a strong view on wanting to see the OFA as party to it, then let's go down that path and have that discussion.
>>>
>>> Whether it be an MOU or SLA, the OFA and Energy would be able to set out the terms of the equity injection.
>>>
>>> Happy to discuss.
>>>
>>> John
>>>
>>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>>> Sent: Friday, July 07, 2017 3:34 PM
>>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Malle Hanslep (MOF) <Malle.Hanslep@ontario.ca<mailto:Malle.Hanslep@ontario.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> It's based on a high-level term sheet that the policy areas were comfortable with (attached), though this wasn't ever formally approved or moved up the chain it was more just to get staff aligned so not locked into anything by any means.
>>>
>>> I have not seen the Master Sale and Servicing Agreement - I have heard it mentioned a couple times through so suspect ENE legal would have a copy.
>>>
>>> I think the purpose of having OFA be a direct party is to make sure OPG, OFA and ENE are all fully aware of each of their roles and to formalise the authority for OPG to deal directly with the OFA on the item. The high-level idea is that while ENE will be responsible for getting the annual appropriations, there is no monthly approval process/role for ENE. ENE will be one of the parties to receive notice, but it makes sense for the Subscription notice to go directly to OFA so ENE isn't a middle man adding time pressure. I was hopeful that this agreement could act as sort of a delegation of authority to some extent.
>>>
>>> I agree the SLA is duplicative in this regard - my preference would be to scrap the SLA and just have the master agreement if it can accomplish the above intention, but if there is a preference to have a separate SLA and make the Master agreement just between OPG and ENE then happy to proceed on that basis.
>>>
>>> Happy to discuss,
>>> Kaitlin
>>> 416.326.6343
>>>
>>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>>> Sent: July 7, 2017 3:12 PM
>>> To: Hanslep, Malle (MOF); Whitfield, Tobias P. (MOF)
>>> Cc: Bruno Amara; Russell, Kenneth (OFA); Neville, Sarah (OFA); Montgomery, Kaitlin (MOF)
>>> Subject: RE: OFHP - Business Issue next steps

>>>
>>> Hi Malle,
>>>
>>> My understanding is that OPG staff drafted the draft agreement. Clara Greco at OPG is the contact person.
>>>
>>> Looping Kaitlin in as she has been in contact with OPG on this one.
>>>
>>> Thanks,
>>>
>>> John
>>>
>>> From: Hanslep, Malle (MOF) [mailto:Malle.Hanslep@ontario.ca]
>>> Sent: Thursday, July 06, 2017 10:04 AM
>>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Tobias P. Whitfield (MOF) <Tobias.Whitfield@ontario.ca<mailto:Tobias.Whitfield@ontario.ca>>
>>> Cc: Bruno Amara <Bruno.Amara@ofina.on.ca<mailto:Bruno.Amara@ofina.on.ca>>; Kenneth Russell <Kenneth.Russell@ofina.on.ca<mailto:Kenneth.Russell@ofina.on.ca>>; Sarah Neville <Sarah.Neville@ofina.on.ca<mailto:Sarah.Neville@ofina.on.ca>>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi John,
>>>
>>> Both OFA Legal and I have reviewed the subscription agreement on a preliminary basis. Why has the OFA been made a direct party to the agreement as it seems that the OFA has a "service" type function here which could be accommodated by a service level agreement between the Ministry Energy and the OFA.
>>>
>>> Do you know who prepared this draft and is it based on a term sheet or another document that sets out what the roles of the various parties in this would be.
>>>
>>> Thank you.
>>>
>>> Malle
>>>
>>> From: Hanslep, Malle (MOF)
>>> Sent: July 5, 2017 9:57 AM
>>> To: Kim, John (OFA); Whitfield, Tobias P. (MOF)
>>> Cc: Bruno Amara
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi John,
>>>
>>> Since OFA is directly being made a party to the subscription agreement, we should also get OFA legal's input so I will send this to Sarah Neville for her review too if that's ok. As well I would like to discuss the northern service level agreement with them and whether there are other situations where the OFA acts as an agent to make payments out of the CRF. I agree that some type of service level agreement would
>>>
>>> I notice that the subscription agreement mentions that the first equity injection/share subscription will occur August 2017. Is this a realistic timeframe?
>>>
>>> The commitments in section 1 seem very broad and open-ended - The Minister of Energy commits to fund up to 44% of the total financing required by the Fair Hydro Trust, to acquire Assets from the IESO under the Act and Regulations by way of equity subscription in OPG. The Master Sale and Servicing Agreement is in square brackets. Is a draft copy of this agreement available for review?
>>>
>>> Also not sure what the purpose of s. 3.4 is and whether the Minister of Energy can agree to this process. I note that there is a note to draft there already.
>>>

>>> Tom McKinlay of Energy Legal is also reviewing this draft and called to discuss it with me.
>>>
>>> Thanks.
>>>
>>> Malle
>>>
>>>
>>>
>>> From: John Kim [mailto:John.Kim@ofina.on.ca]
>>> Sent: July 4, 2017 1:48 PM
>>> To: Whitfield, Tobias P. (MOF)
>>> Cc: Bruno Amara; Hanslep, Malle (MOF)
>>> Subject: FW: OFHP - Business Issue next steps
>>>
>>> Hi Toby,
>>>
>>> Just wanted to get something going with an introductory email and to provide you with some context.
>>>
>>> Pls. take a look at the Fair Hydro Master Subscription Agreement and the way the equity injection mechanism is envisioned, the operational set up with be under some sort of a service level agreement between Energy and OFA to facilitate the proposed monthly equity injection.
>>>
>>> I have a type of service level agreement or MOU in this instance for the Northern Industrial Electricity Rate program as attached. We are hoping something similar could be put in place between Energy and the OFA for this purpose. (The MOU had been drafted by OFA Legal a few years ago when NIER first came into place and have been revised a few times since)
>>>
>>> Happy to discuss.
>>>
>>> Thanks,
>>>
>>> John
>>>
>>> From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>>> Sent: Wednesday, June 28, 2017 9:55 AM
>>> To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>
>>> Cc: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Thanks Ken - Are you aware how the potential timing issue with appropriations is handled on the credit side? OPG seemed to think that the OFA had some process in place so that even though only 1 year of appropriations is approved at a time there is always coverage post March 31, 2017 in the event the budget is delayed but OPG needs to borrow. I was just hoping to incorporate something similar on the ENE side so that we don't run into any issues.
>>>
>>> OPG provided a draft Master Subscription Agreement based on the term sheet. I will run this by legal as well but please feel free to provide comments/edits.
>>>
>>> Kaitlin
>>>
>>> From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
>>> Sent: June 24, 2017 11:45 AM
>>> To: Montgomery, Kaitlin (MOF)
>>> Cc: Kim, John (OFA); Manning, Mike (OFA)
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi Kaitlin

>>>
>>> My apologies for the delay in responding, just going through my emails from last week, I am ok with the term sheet, you had however, raised a comment re the appropriations. Note that since the OFA will simply be a service provided in this arrangement, i.e., We will not be able to provide cash management services including the transfer of the funds from the Province to OPG for the equity injection until the appropriations are approved.
>>>
>>> Thanks
>>>
>>> Ken k
>>> From
>>> : Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
>>> Sent: Wednesday, June 21, 2017 2:27 PM
>>> To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>>; Mike Manning <Mike.Manning@ofina.on.ca<mailto:Mike.Manning@ofina.on.ca>>
>>> Subject: RE: OFHP - Business Issue next steps
>>>
>>> Hi all - just following up on the equity injection term sheet. I'm going to send this to ENE legal now so that they can start to digest given that the next step will be preparation of the Master Subscription Agreement. I'm assuming there aren't any major concerns but if there are items you'd like to modify if you could pass those along this week I'd appreciate it. Please note that there is a question embedded in the document regarding appropriations that I'm hoping one of you will have insight on.
>>>
>>> At the meeting with OPG a few weeks back you had mentioned that there would likely need to be some sort of Service Level Agreement between OFA and ENE - is there a similar agreement you already have in place that we could work from?
>>>
>>> Thanks,
>>> Kaitlin
>>>
>>> From: Montgomery, Kaitlin (MOF)
>>> Sent: June 5, 2017 3:55 PM
>>> To: Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Kandeepan, Ken (OFA) (Ken.Kandeepan@ofina.on.ca<mailto:Ken.Kandeepan@ofina.on.ca>); Manning, Mike (OFA)
>>> Subject: OFHP - Business Issue next steps
>>>
>>> Hi everyone,
>>>
>>> As a follow up to today's meeting there are a couple items I think can move forward at this point.
>>>
>>>
>>> 1. Equity Injection Mechanics (draft term sheet attached)
>>>
>>> a. If comfortable, OPG would draft Master Subscription agreement, OFA/ENE would develop service level agreement for cash management services and ENE legal would move forward with amendment to OPG articles to facilitate new class of shares
>>>
>>> 2. Performance Fee Recommendation (OPG recommended approach attached)
>>>
>>> a. If comfortable, OPG would assist ENE in developing regulation language
>>>
>>> My proposed next steps, subject to your agreement, would be to share these documents with ENE legal today and then table them at a Thursday morning meeting with ENE DMO/MO (along with an updated "business issues" note, which I'll send around for everyone's input in the next day or so). After that meeting I would send the same materials /update to MOF DMO along with any new updates received at that meeting.
>>>
>>> Could you please confirm you have no further comments and that you agree with this approach and also that

there's no other materials/terms that you think need to move up through approvals at this point in time?
>>>
>>> Thanks in advance,
>>> Kaitlin
>>>
>>>
>>>
>>> _____
>>>
>>> This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Ronald Kwan
Cc: Gavin He; Bruno Amara
Subject: Re: OFHP - Outstanding business issues
Date: Wednesday, May 31, 2017 7:41:25 PM

No but we can ask.

On May 31, 2017, at 6:34 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Did you see if Kaitlin did a revised version?
>
> Thanks,
> Ron
>
> ---
>
> **From:** John Kim
> **Sent:** May-31-17 13:32
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: OFHP - Outstanding business issues
>
> Looks good to me. I think you meant that TPD has seen it per Scott's email to you and Sriram.
>
> John
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** Wednesday, May 31, 2017 1:30 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: OFHP - Outstanding business issues
>
> How about this?
>
> Ron
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** May-31-17 13:28
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Cc:** Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Subject:** RE: OFHP - Outstanding business issues
>
> Hi,

You might want to adjust the PILs one.

Ron

From: John Kim
Sent: May-31-17 13:28
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Thanks Ron.

From: Ronald Kwan
Sent: Wednesday, May 31, 2017 1:13 PM
To: John Kim <John.Kim@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi John,

Some suggestions, queries.

Ron

From: John Kim
Sent: May-31-17 12:03
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Gavin He <Gavin.He@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: FW: OFHP - Outstanding business issues

Hi Ron,

Pls. see attached. Not perfect but CMD staff added some sections as well.

John

From: John Kim
Sent: Wednesday, May 31, 2017 11:55 AM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi Kaitlin,

On a second thought, I know that Scott asked Ron for comments. Given that, might be best it goes through that channel?

I can share the material with Ron shortly.

John

From: John Kim
Sent: Wednesday, May 31, 2017 11:52 AM
To: 'Montgomery, Kaitlin (MOF)' <Kaitlin.Montgomery@ontario.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Should be sending you shortly.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, May 31, 2017 10:42 AM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Subject: RE: OFHP - Outstanding business issues

Hi all – just checking in on comments. ENE DMO is looking for this by noon so if you're able to share any comments shortly I would greatly appreciate it.

This version just includes one more item based on the term sheet OPG shared yesterday but I was unsure about timing on that one.

Please let me know if you have any questions.
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: May 30, 2017 11:28 AM
To: Kim, John (OFA); Bruno Amara; Yep, Carlos (OFA)
Subject: OFHP - Outstanding business issues

Hi all,

ENE MO asked for a quick note on 4 of the outstanding business issues that are being worked through and are hoping to see something tomorrow morning.

I've pulled together a high level explanation of each of the items and next steps/timing (to the extent I know).

Would greatly appreciate if you guys could take a look and provide any edits/comments today/early tomorrow if possible. I'm also not too involved in a

few of these discussions so if there's others within OFA you think should review feel free to pass along.

Thanks in advance,
Kaitlin

From: John Kim
To: Montgomery, Kaitlin (MOF)
Subject: Re: OFHP Business Issues
Date: Thursday, August 24, 2017 7:49:52 PM

Sure

Sent from my iPhone

On Aug 24, 2017, at 5:55 PM, Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca> wrote:

> I'm off tomorrow – I'll get keley to give you a call?
>
> ---
>
> **From:** John Kim [mailto:John.Kim@ofina.on.ca]
> **Sent:** August 24, 2017 5:55 PM
> **To:** Montgomery, Kaitlin (MOF)
> **Subject:** Re: OFHP Business Issues
>
> Can you call me about this tomorrow?
>
> Sent from my iPhone
>
> On Aug 24, 2017, at 4:53 PM, Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca> wrote:
>
> > Hi everyone,
> >
> > Just checking in if anyone knows the status / next steps on the sub-debt? It's listed as one of the outstanding business issues so just trying to sort out required next steps/timing.
> >
> > Thanks,
> > Kaitlin
> >
> > ---
> >
> > **From:** Montgomery, Kaitlin (MOF)
> > **Sent:** August 3, 2017 10:06 AM
> > **To:** Kandeepan, Ken (OFA)
> > **Cc:** Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
> > **Subject:** RE: OFHP Business Issues
> >
> > Hi – just looping back on this one.
> >
> > Anyone know the status/next steps on the sub-debt agreement?
> >
> > Thanks,
> > Kaitlin

From: Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
Sent: July 12, 2017 5:00 PM
To: Montgomery, Kaitlin (MOF)
Cc: Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
Subject: RE: OFHP Business Issues

Hi Kaitlin

Pls see below, cc'ing my colleagues in case they have anything to add.

Thanks

Ken k

From: Montgomery, Kaitlin (MOF)
[mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 12, 2017 10:53 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFHP Business Issues

Hey Ken – In Scotts absence I'm hoping you can help me with a couple items:

1. On the performance fees – Did Scott share an ENE note with 3 options for your review last week? No
2. On the Sub-Debt – could you share the latest term sheet and what is the status of this one? Is it over to OFA to provide comments back to OPG or are we waiting on OPG for something? To the best of my knowledge we didn't have any major issues with the latest term sheet.

Thanks and happy to chat if that's easier
Kaitlin
416.326.6343

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: John Kim
To: Montgomery, Kaitlin (MOF)
Subject: Re: OFHP Business Issues
Date: Thursday, August 24, 2017 5:55:03 PM

Can you call me about this tomorrow?

Sent from my iPhone

On Aug 24, 2017, at 4:53 PM, Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca> wrote:

> Hi everyone,
>
> Just checking in if anyone knows the status / next steps on the sub-debt? It's listed as one of the outstanding business issues so just trying to sort out required next steps/timing.
>
> Thanks,
> Kaitlin
>
> ---
>
> **From:** Montgomery, Kaitlin (MOF)
> **Sent:** August 3, 2017 10:06 AM
> **To:** Kandeepan, Ken (OFA)
> **Cc:** Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
> **Subject:** RE: OFHP Business Issues
>
> Hi – just looping back on this one.
>
> Anyone know the status/next steps on the sub-debt agreement?
>
> Thanks,
> Kaitlin
>
> ---
>
> **From:** Ken Kandeepan [mailto:Ken.Kandeepan@ofina.on.ca]
> **Sent:** July 12, 2017 5:00 PM
> **To:** Montgomery, Kaitlin (MOF)
> **Cc:** Yep, Carlos (OFA); Manning, Mike (OFA); Kim, John (OFA); John Psinas; Kwan, Ronald (OFA)
> **Subject:** RE: OFHP Business Issues
>
> Hi Kaitlin
>
> Pls see below, cc'ing my colleagues in case they have anything to add.
>
> Thanks

Ken k

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, July 12, 2017 10:53 AM
To: Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>
Subject: OFHP Business Issues

Hey Ken – In Scotts absence I'm hoping you can help me with a couple items:

1. On the performance fees – Did Scott share an ENE note with 3 options for your review last week? No
2. On the Sub-Debt – could you share the latest term sheet and what is the status of this one? Is it over to OFA to provide comments back to OPG or are we waiting on OPG for something? To the best of my knowledge we didn't have any major issues with the latest term sheet.

Thanks and happy to chat if that's easier
Kaitlin
416.326.6343

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Cox, Hilary (ENERGY)
To: Gavin He
Cc: John Kim; Montgomery, Kaitlin (MOF)
Subject: Re: OFHP Business Issues
Date: Wednesday, November 08, 2017 6:13:25 PM

Fabulous, thank you.

HC

Sent from my BlackBerry 10 smartphone on the Rogers network.
From: Gavin He
Sent: Wednesday, November 8, 2017 6:11 PM
To: Cox, Hilary (ENERGY)
Cc: Kim, John (OFA); Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Hilary,

Please find attached the comments and edits at the staff level from CEFD and OFA. The edits are in red font, and there are some comments on several slides as well.

Please let us know if you have additional questions.

Thanks,
Gavin He

From: Cox, Hilary (ENERGY) [mailto:Hilary.Cox@ontario.ca]
Sent: Wednesday, November 08, 2017 1:05 PM
To: Montgomery, Kaitlin (MOF) <Kaitlin.Montgomery@ontario.ca<mailto:Kaitlin.Montgomery@ontario.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
Subject: RE: OFHP Business Issues

Hi John –
Please send your deck edits by end of day.

HC

From: Montgomery, Kaitlin (MOF)
Sent: November 2, 2017 12:49 PM
To: Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
Cc: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca<mailto:Hilary.Cox@ontario.ca>>
Subject: RE: OFHP Business Issues

Hey John – when you have an update in terms of timing of the edits please let Hilary know – she'll be taking over this product moving forward.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:37 AM

To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Thanks Kaitlin…also I owe Keley something, I'm following up with Ron on that too.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Thursday, November 02, 2017 8:36 AM
To: John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>
Subject: RE: OFHP Business Issues

No worries – there's no meeting set up MO is just looking for a product as soon as possible. Totally understand there's a lot on the go though, so let me know what timing you think is doable and ill manage expectations over here.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: November 2, 2017 8:34 AM
To: Montgomery, Kaitlin (MOF)
Subject: RE: OFHP Business Issues

Hi Kaitlin,

With FES activities and others, I need more time. Are you working towards a timeline?

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Wednesday, November 01, 2017 9:21 AM
To: Hilary Cox (ENE) <Hilary.Cox@ontario.ca<mailto:Hilary.Cox@ontario.ca>>; Dan Shear (ENERGY) <Dan.Shear@ontario.ca<mailto:Dan.Shear@ontario.ca>>; Thouin, Alena (ENERGY) <Alena.Thouin@ontario.ca<mailto:Alena.Thouin@ontario.ca>>; John Kim <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca<mailto:Manu.Sud@ontario.ca>>
Cc: Keley Katona (ENERGY) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>; Kuppuswami, Kritika (MOF) <Kritika.Kuppuswami@ontario.ca<mailto:Kritika.Kuppuswami@ontario.ca>>
Subject: RE: OFHP Business Issues

Just flagging this one – please send your content over as soon as possible today.

Thanks,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: October 30, 2017 11:46 AM
To: Cox, Hilary (ENERGY); Shear, Dan (ENERGY); Thouin, Alena (ENERGY); Kim, John (OFA) (John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>); Lewis, Robin (MOF); Sud, Manu (ENERGY)
Cc: Katona, Keley (MOF); Kuppuswami, Kritika (MOF)
Subject: RE: OFHP Business Issues

Hi everyone,

This product was put on hold but we've now been asked to refresh it.

Could you please take a look and provide any comments midday tomorrow.

Hilary – I think you guys would lead slides 6/8 but please let me know if that's not the case.

Thanks in advance,
Kaitlin

From: Montgomery, Kaitlin (MOF)
Sent: September 29, 2017 1:27 PM
To: Cox, Hilary (ENERGY) <Hilary.Cox@ontario.ca<mailto:Hilary.Cox@ontario.ca>>; Shear, Dan (ENERGY) <Dan.Shear@ontario.ca<mailto:Dan.Shear@ontario.ca>>; McKinlay, Tom (MAG) <Tom.McKinlay@ontario.ca<mailto:Tom.McKinlay@ontario.ca>>; Kim, John (OFA) <John.Kim@ofina.on.ca<mailto:John.Kim@ofina.on.ca>>; Lewis, Robin (MOF) <Robin.Lewis@ontario.ca<mailto:Robin.Lewis@ontario.ca>>
Cc: Katona, Keley (MOF) <Keley.Katona@ontario.ca<mailto:Keley.Katona@ontario.ca>>
Subject: OFHP Business Issues

Hi everyone,

We're pulling together a product summarizing all the outstanding business issues including status/next steps with respect to the Fair Hydro Plan for the Minister of Energy

I've attempted to fill out as much as possible (Hilary there's a couple placeholder slides where I had no content but I think those would be for ESP? Please correct me if I'm wrong).

Each of you are involved in various aspects of these issues so I'm hoping you can take a look to ensure we're accurately capturing each item.

I'm away next week but if you could provide your suggested edits to Keley by next Wednesday we would appreciate it. The briefing has not yet been set up so we will keep you posted if that timing needs to change.

Thanks in advance,
Kaitlin

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From:	John Kim
To:	Adam Prokop
Cc:	Salman Qadir; Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject:	Re: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Wednesday, April 26, 2017 8:56:53 PM

Ok, thanks. Could we get some definitive views within branch on these?

On Apr 26, 2017, at 8:52 PM, Adam Prokop <Adam.Prokop@ofina.on.ca> wrote:

> Sorry, my Citrix login is not working but I can check first thing tomorrow unless someone else does. From what I recall, all that is mentioned is that it could threaten the GBE status - will confirm ASAP.
>
> AP
>
> ---
>
> **From:** John Kim
> **Sent:** Wednesday, April 26, 2017 7:55:05 PM
> **To:** Salman Qadir; Adam Prokop
> **Cc:** Bruno Amara; Shajee Kathirgamanathan; Gavin He
> **Subject:** FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
>
> Where in the CabSub did it mention this?
>
> ---
>
> **From:** Ken Kandeepan
> **Sent:** Wednesday, April 26, 2017 7:50 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
> **Cc:** George Sakura <George.Sakura@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
> **Subject:** RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
>
> Good question, the appendix to the MOE cabinet submission includes an opinion from E&Y where this point is very forcefully made. That is why the debt from the Province option is no longer on the table.
>
> Thanks
>
> Ken k
>
> ---
>
> **From:** John Kim
> **Sent:** Wednesday, April 26, 2017 7:29 PM
> **To:** Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; Carlos Yep

<Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Hi Ken,

Thanks for these helpful comments. I do have a question on your first comment. I haven't been as close to the accounting discussion as you have been - why would providing debt from the Province to OPG, for this purpose, affect its status as a GBE, if the loan is provided at a market rate. I haven't gone through this deck carefully yet but wanted to clarify this point.

I do recognize that ultimately OPG would want to make a commercial decision so we are looking to be educated on various structures.

Happy to chat in the lock-up tomorrow.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.
- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.
- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.

<!--[if !supportLists]-->● <!--[endif]-->The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]
Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

From:	John Kim
To:	Adam Prokop
Cc:	Francisco Chinchon; Salman Qadir; Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject:	Re: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Wednesday, April 26, 2017 7:17:18 PM

Could you remind me. The condition in the third from bottom bullet. Where did that come from?

On Apr 26, 2017, at 6:56 PM, Adam Prokop <Adam.Prokop@ofina.on.ca> wrote:

> Hello all,
>
> Here are some of my points
>
> - Equity could affect OPG's GBE status if it is effectively seen as an interest-free loan; if the return from the structure does not justify an equity position. Otherwise, the Province could continue to inject equity into OPG in perpetuity for no reason. The fact that the Province is the sole shareholder strengthens this point. OPG could be seen as reliant on this funding for operations.
> - The rating agencies would need to be brought into the discussion - would have to see what cash return from the structure would limit the impact on some ratios; the fact that the capital markets debt will be in a SPV means that portion is bankruptcy remote and may not factor into calculations.
> - OPG is at currently at approximately 65% equity, 35% debt while the deemed structure is 45% equity and 55% debt. OPG does have the capacity to take on more debt within the deemed structure. Furthermore, if the structure is separate from the rate regulation process, the deemed structure is not as relevant.
> - The related GBE status factor is if OPG can maintain operations and meet their obligations through revenues generated outside of the Province. As long as the debt issued from the Province to OPG is at the market rate, and the revenue from the structure is reasonably expected to cover expenses, the GBE status may not be threatened.
>   - There is no minimal credit rating or minimum debt to equity ratio to retain GBE status.
> - The markets could also take on more than 51% of the debt from the SPV (51% is minimum).
> - There is also the consideration for if the Province issued debt directly to the SPV (i.e., buying securities from the SPV directly rather than going through OPG).
>   - Nothing in the 14 conditions prevents this.

    - Need to confirm with OPG auditors.
- The relevant condition is that the Province cannot indirectly (i.e., through OPG) or directly (i.e., to the SPV) finance more than 44% of the structure, either through equity or debt.
- Preferred shares with cumulative dividends if not paid and over a 10 year term would likely get a 50% equity and 50% debt treatment from DBRS, which would lessen the pressure on the capital structure if Province finances OPG directly.
- There could also be a mix of debt and equity financing from the Province over time to OPG.

Overall, a discussion with the credit rating agencies and OPG auditors would probably help clarify options if this is feasible.

Kind regards,

Adam Prokop

From: Francisco Chinchon
Sent: Wednesday, April 26, 2017 6:08 PM
To: Salman Qadir
Cc: John Kim; Bruno Amara; Adam Prokop; Shajee Kathirgamanathan; Gavin He
Subject: Re: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

How contributing equity to a company that retains a good credit rating could affect its GBE status?

On Apr 26, 2017, at 6:04 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> My counter to that would be if the Province is doing equity vs debt on the basis you have mentioned, that could also simply put at risk the GBE status, no?
>
> I haven't seen the 14 conditions but I'll check as well.
>
> Sent from my iPhone
>
> On Apr 26, 2017, at 5:46 PM, Francisco Chinchon <Francisco.Chinchon@ofina.on.ca> wrote:

I think the challenge starts once you cross the deemed capital structure or when OPG starts getting downgraded for carrying too much debt. If the loans provided by the Province are not something a prudent lender would agree to do you could potentially be putting at risk the GBE status. What you should do is compare the potential outcome of the different structures against the test that needs to be met to remain a GBE. You should check this on top of the 14 other points.

From: John Kim
Sent: Wednesday, April 26, 2017 5:46 PM
To: Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Ok, could we take a look at the 14 conditions to double check?

From: Salman Qadir
Sent: Wednesday, April 26, 2017 5:40 PM
To: John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>

Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Hi John,

I think Adam and I had discussed this briefly. We were questioning why the Province could not issue debt to OPG instead of Equity (or even directly into the Trust). The only reason that came to mind was to effect OPG's credit rating (which TD says would be treated as "intermediate equity" for option 3) – don't think GBE status would be affected.

The OEFC already lends to OPG which hasn't seemed to effect its GBE status… not sure what I'm missing here..

Salman

From: John Kim
Sent: Wednesday, April 26, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

I don't follow Ken's bullet #1. Maybe I'm missing something

due to having too many files on the go but is it true that if we have a loan to OPG, that the GBE treatment falls apart?

From: John Kim
Sent: Wednesday, April 26, 2017 4:44 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Any comments? I overlooked this email from Carlos.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so

here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.

- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.

- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.

- The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim

<John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]

Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

From:	John Kim
To:	Adam Prokop; Salman Qadir; Bruno Amara
Cc:	Francisco Chinchon; Shajee Kathirgamanathan; Gavin He
Subject:	Re: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
Date:	Wednesday, April 26, 2017 9:59:37 PM
Attachments:	pastedImage.png

Instead of these emails back and forth, let's spend the time at work figuring things out and getting our facts together. I'd like a summary view by the time I get back from the lock up tomorrow.

E&Y views are summarized in the white paper and in the separate piece that has the 14 conditions, I understand.

I know the 100% debt scenario has been persistently raised in the branch. I would like to have the view reconciled against the white paper and the 14 conditions as otherwise we are going to look pretty bad as a branch raising stuff we should know.

From: Adam Prokop
Sent: April 26, 2017 9:37:39 PM
To: Salman Qadir; Bruno Amara; John Kim
Cc: Francisco Chinchon; Shajee Kathirgamanathan; Gavin He
Subject: Re: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Thanks Salman,

Attached is the version that I have on e-mail (probably not the latest). The appendixes don't say much but in the attached cabinet submission (p. 21) this is the mention of the GBE status:

B. GA Smoothing – OPG's Financing Structure Requirements (cont'd)

- Special Purpose Vehicle (SPV) will be used to raise the GA financing and ring fence OPG from its legal obligations
- SPV will be structured to allow for GBE accounting consolidation into OPG
- Given that SPV will be consolidated into OPG for accounting purposes, the significant amount of debt required to fund the GA deferral will have a severe impact on OPG's credit rating. If 100% of the requirement is funded by debt OPG would be downgraded.
- To manage this exposure and minimize the cost of funding. The required funding would be split into 2 buckets:
  1. 56% from capital markets; and
  2. The remainder provided by the Province via equity injection, which would be loaned to SPV as subordinated debt.
- The use of equity to fund a portion of the GA deferral also allows for an improvement in both Net Income and EBITDA as incremental revenue is captured by the increase in the value of the deferral which would offset the fiscal impact of the borrowing at Province level.
- Credit rating metrics are generally maintained within established limits.

From: Salman Qadir
Sent: Wednesday, April 26, 2017 9:28:24 PM
To: Adam Prokop; Bruno Amara; John Kim
Cc: Francisco Chinchon; Shajee Kathirgamanathan; Gavin He

Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Just to add, I retrieved the March 1 Cabinet Submission deck that is saved in the shared folder and the last page says "APPENDIX: SEE MINISTRY OF ENERGY'S ELECTRICITY PRICE MITIGATION –APPENDIX" – do we have this anywhere? Maybe there is something in there that Ken is referring to (which is could equally likely be what Bruno and Adam have provided below).

From: Adam Prokop
Sent: Wednesday, April 26, 2017 9:15 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Cc: Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Thanks Bruno,

Yes that is it. A key part is point is c (50% of the most subordinated debt) - OPG needs to own at least 50% of the subordinated debt (the equity tranche) with this portion suggested to be about 5% of the Trust. This is the 5% that OPG is borrowing from the market. This is why the borrowing is capped from the Province at an epsilon below 45%.

AP

From: Bruno Amara
Sent: Wednesday, April 26, 2017 9:01:23 PM
To: Adam Prokop; John Kim
Cc: Francisco Chinchon; Salman Qadir; Shajee Kathirgamanathan; Gavin He
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Thanks Adam

One of the list of 14 in the white paper. This was one of the conditions required for OPG to consolidate the Trust

1. The Province or its agencies must not directly or indirectly fund (through debt or equity) more than 50% of the following:
    a. The Trust
    b. Any of OPG's investments in the Trust
    c. The most subordinated debt of the Trust

From: Adam Prokop
Sent: Wednesday, April 26, 2017 8:51 PM

To: John Kim <John.Kim@ofina.on.ca>
Cc: Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>
Subject: Re: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

It's from the OPG white paper.

AP

From: John Kim
Sent: Wednesday, April 26, 2017 7:17:17 PM
To: Adam Prokop
Cc: Francisco Chinchon; Salman Qadir; Bruno Amara; Shajee Kathirgamanathan; Gavin He
Subject: Re: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Could you remind me. The condition in the third from bottom bullet. Where did that come from?

On Apr 26, 2017, at 6:56 PM, Adam Prokop <Adam.Prokop@ofina.on.ca> wrote:

> Hello all,
>
> Here are some of my points
>
> - Equity could affect OPG's GBE status if it is effectively seen as an interest-free loan; if the return from the structure does not justify an equity position. Otherwise, the Province could continue to inject equity into OPG in perpetuity for no reason. The fact that the Province is the sole shareholder strengthens this point. OPG could be seen as reliant on this funding for operations.
> - The rating agencies would need to be brought into the discussion - would have to see what cash return from the structure would limit the impact on some ratios; the fact that the capital markets debt will be in a SPV means that portion is bankruptcy remote and may not factor into calculations.
> - OPG is at currently at approximately 65% equity, 35% debt while the deemed structure is 45% equity and 55% debt. OPG does have the capacity to take on more debt within the deemed structure. Furthermore, if the structure is separate from the rate regulation process, the deemed structure is not as relevant.
> - The related GBE status factor is if OPG can maintain operations and meet their obligations through revenues generated outside of the Province. As long as the debt issued from the Province to OPG is at the market rate, and the revenue from the structure is reasonably expected to cover expenses,

the GBE status may not be threatened.

    - There is no minimal credit rating or minimum debt to equity ratio to retain GBE status.

- The markets could also take on more than 51% of the debt from the SPV (51% is minimum).
- There is also the consideration for if the Province issued debt directly to the SPV (i.e., buying securities from the SPV directly rather than going through OPG).

    - Nothing in the 14 conditions prevents this.
    - Need to confirm with OPG auditors.

- The relevant condition is that the Province cannot indirectly (i.e., through OPG) or directly (i.e., to the SPV) finance more than 44% of the structure, either through equity or debt.
- Preferred shares with cumulative dividends if not paid and over a 10 year term would likely get a 50% equity and 50% debt treatment from DBRS, which would lessen the pressure on the capital structure if Province finances OPG directly.
- There could also be a mix of debt and equity financing from the Province over time to OPG.

Overall, a discussion with the credit rating agencies and OPG auditors would probably help clarify options if this is feasible.

Kind regards,

Adam Prokop

From: Francisco Chinchon
Sent: Wednesday, April 26, 2017 6:08 PM
To: Salman Qadir
Cc: John Kim; Bruno Amara; Adam Prokop; Shajee Kathirgamanathan; Gavin He
Subject: Re: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

How contributing equity to a company that retains a good credit rating could affect its GBE status?

On Apr 26, 2017, at 6:04 PM, Salman Qadir <Salman.Qadir@ofina.on.ca> wrote:

> My counter to that would be if the Province is doing equity vs debt

on the basis you have mentioned, that could also simply put at risk the GBE status, no?

I haven't seen the 14 conditions but I'll check as well.

Sent from my iPhone

On Apr 26, 2017, at 5:46 PM, Francisco Chinchon <Francisco.Chinchon@ofina.on.ca> wrote:

> I think the challenge starts once you cross the deemed capital structure or when OPG starts getting downgraded for carrying too much debt. If the loans provided by the Province are not something a prudent lender would agree to do you could potentially be putting at risk the GBE status. What you should do is compare the potential outcome of the different structures against the test that needs to be met to remain a GBE. You should check this on top of the 14 other points.
>
> ---
>
> **From:** John Kim
> **Sent:** Wednesday, April 26, 2017 5:46 PM
> **To:** Salman Qadir <Salman.Qadir@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
> **Subject:** RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD
>
> Ok, could we take a look at the 14 conditions to double check?
>
> ---
>
> **From:** Salman Qadir
> **Sent:** Wednesday, April 26, 2017 5:40 PM
> **To:** John Kim <John.Kim@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
> **Cc:** Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He

<Gavin.He@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Hi John,

I think Adam and I had discussed this briefly. We were questioning why the Province could not issue debt to OPG instead of Equity (or even directly into the Trust). The only reason that came to mind was to effect OPG's credit rating (which TD says would be treated as "intermediate equity" for option 3) – don't think GBE status would be affected.

The OEFC already lends to OPG which hasn't seemed to effect its GBE status… not sure what I'm missing here..

Salman

From: John Kim
Sent: Wednesday, April 26, 2017 5:19 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>; Francisco Chinchon <Francisco.Chinchon@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

I don't follow Ken's bullet #1. Maybe I'm missing something due to having too many files on the go but is it true that if we have a loan to OPG, that the GBE treatment falls apart?

From: John Kim
Sent: Wednesday, April 26, 2017 4:44 PM
To: Bruno Amara <Bruno.Amara@ofina.on.ca>; Salman Qadir <Salman.Qadir@ofina.on.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Gavin He <Gavin.He@ofina.on.ca>

Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Any comments? I overlooked this email from Carlos.

John

From: Ken Kandeepan
Sent: Wednesday, April 26, 2017 4:20 PM
To: Carlos Yep <Carlos.Yep@ofina.on.ca>; James Devine <James.Devine@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; Mike Manning <Mike.Manning@ofina.on.ca>
Cc: George Sakura <George.Sakura@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: RE: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Carlos, and others

I believe the discussion with TDS will be scheduled for either Thursday of Friday and I am not available on both days so here are my comments.

- Page 3: Option#3 is not feasible since it is essentially a type of debt from the Province to OPG and may impact the latter's GBE status, which jeopardizes the entire arrangement.
- Options 2 and 4 are superior to 1 from the Province's perspective providing a greater assurance of dividends, which means less cash flow risk for the province.
- The last bullet on page 4 is a little confusing especially the phrase; "and the debt issued to OPG by the SPV/Trust". It's actually the other way around, OPG uses the cash flow from the equity injection to issue debt to the Trust.
- The cash flow from the equity injection is essentially cost free for OPG however, the Trust will generate interest income on 100% of its debt, as such when the trust is consolidated with OPG, the latter will show a net interest income. This income can be paid out as dividends to the Province and in essence defray the Province's interest payments on the debt incurred to fund the equity injection.

Thanks and as always happy to discuss.

Ken k

From: Carlos Yep
Sent: Tuesday, April 25, 2017 11:47 AM
To: James Devine <James.Devine@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>; Ken Kandeepan <Ken.Kandeepan@ofina.on.ca>; John Psinas <John.Psinas@ofina.on.ca>; 'Kaitlin.Montgomery@ontario.ca' <Kaitlin.Montgomery@ontario.ca>; Adam Prokop <Adam.Prokop@ofina.on.ca>; Bruno Amara <Bruno.Amara@ofina.on.ca>; George Sakura <George.Sakura@ofina.on.ca>
Cc: Mike Manning <Mike.Manning@ofina.on.ca>
Subject: FW: Ontario Fair Hydro Plan - Equity Infusion - initial comments from TD

Attached are some initial comments from TD.

We will arrange a conference call later this week to discuss.

From: Thom, Trevor [mailto:Trevor.Thom@tdsecurities.com]

Sent: Tuesday, April 25, 2017 11:30 AM
To: Mike Manning <Mike.Manning@ofina.on.ca>; Carlos Yep <Carlos.Yep@ofina.on.ca>
Cc: Holloway, Harold <Harold.Holloway@tdsecurities.com>; Wolff, Michael <Michael.Wolff@tdsecurities.com>; Purkis, Brad <Brad.Purkis@tdsecurities.com>; Hilloowala, Maharukh <Maharukh.Hilloowala@tdsecurities.com>; Thompson, Susan <Susan.Thompson@tdsecurities.com>
Subject: Ontario Fair Hydro Plan - Equity Infusion

Mike & team – please see attached for our analysis on the capital injection.

Let us know when you would like to discuss further. We have a # of folks on the road this week, but happy to accommodate later in the week if that works.

NOTICE: Confidential message which may be privileged. Unauthorized use/disclosure prohibited. If received in error, please go to www.td.com/legal for instructions.
AVIS : Message confidentiel dont le contenu peut être privilégié. Utilisation/divulgation interdites sans permission. Si reçu par erreur, prière d'aller au www.td.com/francais/avis_juridique pour des instructions.

B. GA Smoothing – OPG's Financing Structure Requirements (cont'd)

- Special Purpose Vehicle (SPV) will be used to raise the GA financing and ring fence OPG from its legal obligations
- SPV will be structured to allow for GBE accounting consolidation into OPG
- Given that SPV will be consolidated into OPG for accounting purposes, the significant amount of debt required to fund the GA deferral will have a severe impact on OPG's credit rating. If 100% of the requirement is funded by debt OPG would be downgraded.
- To manage this exposure and minimize the cost of funding. The required funding would be split into 2 buckets:
    1. 56% from capital markets; and
    2. The remainder provided by the Province via equity injection, which would be loaned to SPV as subordinated debt.
- The use of equity to fund a portion of the GA deferral also allows for an improvement in both Net Income and EBITDA as incremental revenue is captured by the increase in the value of the deferral which would offset the fiscal impact of the borrowing at Province level.
- Credit rating metrics are generally maintained within established limits.

From: John Kim
To: Ronald Kwan
Subject: Re: Rate Mitigation Implementation Meeting - July 27, 2017
Date: Wednesday, July 26, 2017 6:39:28 PM

Hi Ron,

I am still inquiring on the guarantee and not yet quite there. On the equity injection, we have a draft Ken R has drafted and are reviewing in terms of the SLA. Energy Legal is waiting for it to draft the Master Subscription Agreement. Not sure why but that is the update I have.

Will keep you posted on the guarantee as I get the information

John

Sent from my iPhone

On Jul 26, 2017, at 5:52 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:

> Hi John,
>
> Any update / status information on this? The meeting is tomorrow morning.
>
> Ron
>
> ---
>
> **From:** Ronald Kwan
> **Sent:** July-26-17 12:39
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** FW: Rate Mitigation Implementation Meeting - July 27, 2017
>
> Hi John,
>
> They have the Provincial Support Agreement and the equity injection as language or documents, respectively, finalised by the end of July.
>
> Would you check on the status of both.
>
> Thanks,
> Ron
>
> ---
>
> **From:** Gadi Mayman
> **Sent:** July-26-17 09:39
> **To:** Ronald Kwan <Ronald.Kwan@ofina.on.ca>
> **Cc:** Anna Strathy <Anna.Strathy@ofina.on.ca>
> **Subject:** Fw: Rate Mitigation Implementation Meeting - July 27, 2017

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Wednesday, July 26, 2017 9:23 AM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken -FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo -CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS)
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Edwards, Matthew (ENERGY); Patrick Laughton (MOF); David Barrett
Subject: Rate Mitigation Implementation Meeting - July 27, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

From: John Kim
To: Ronald Kwan
Subject: Re: Rate Mitigation Implementation Meeting - July 27, 2017
Date: Wednesday, July 26, 2017 9:01:26 PM

No, I guess I asked people other than MOF Legal.....will try to now.

John

From: Ronald Kwan
Sent: July 26, 2017 8:59 PM
To: John Kim
Subject: Re: Rate Mitigation Implementation Meeting - July 27, 2017

Thanks John. Did you reach out to MOF Legal on the Provincial Support Agreement?

Ron

On Jul 26, 2017, at 6:39 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Ron,
>
> I am still inquiring on the guarantee and not yet quite there. On the equity injection, we have a draft Ken R has drafted and are reviewing in terms of the SLA. Energy Legal is waiting for it to draft the Master Subscription Agreement. Not sure why but that is the update I have.
>
> Will keep you posted on the guarantee as I get the information
>
> John
>
> Sent from my iPhone
>
> On Jul 26, 2017, at 5:52 PM, Ronald Kwan <Ronald.Kwan@ofina.on.ca> wrote:
>
> > Hi John,
> >
> > Any update / status information on this? The meeting is tomorrow morning.

Ron

From: Ronald Kwan
Sent: July-26-17 12:39
To: John Kim <John.Kim@ofina.on.ca>
Subject: FW: Rate Mitigation Implementation Meeting - July 27, 2017

Hi John,

They have the Provincial Support Agreement and the equity injection as language or documents, respectively, finalised by the end of July.

Would you check on the status of both.

Thanks,
Ron

From: Gadi Mayman
Sent: July-26-17 09:39
To: Ronald Kwan <Ronald.Kwan@ofina.on.ca>
Cc: Anna Strathy <Anna.Strathy@ofina.on.ca>
Subject: Fw: Rate Mitigation Implementation Meeting - July 27, 2017

From: Schlaepfer, Martin (ENERGY) <Martin.Schlaepfer@ontario.ca>
Sent: Wednesday, July 26, 2017 9:23 AM
To: Steen Hume (CAB); Kaili Sermat-Harding (ENERGY); Michael Reid (ENERGY); Carolyn Calwell (MCSS); Scott Nelms (ENERGY); ''jeffrey.lyash@opg.com' (jeffrey.lyash@opg.com)'; 'HARTWICK Ken - FINANCE (ken.hartwick@opg.com)'; 'Rosemaire Leclair'; 'Mary Anne Aldred (maryanne.aldred@ontarioenergyboard.ca)'; 'Kim Marshall (Kim.Marshall@ieso.ca)'; Scott Thompson (CAB); Helen Angus (MOHLTC); Steven Davidson (MTCS); 'Martine Band'; 'CROZZOLI Carlo - CBUSDEV&STRT'; Gadi Mayman; 'LEE John -TREASURY'; Karen Hughes (MGS); Veinot, Cindy (TBS)
Cc: Serge Imbrogno (ENERGY); Andrew Teliszewsky (ENERGY); Matt Whittington (ENERGY); Baker, Carys (ENERGY); Kyle MacIntyre (MOF); David McLean (MOF); Robert Foster (MOF); 'jordan.penic@ieso.ca'; 'sarah.branco@ontarioenergyboard.ca'; 'Turnevicius, Lorraine'; 'catriona.king@opg.com'; Francesca Bungaro-Yemec (ENERGY); Feather, Adam (ENERGY); Hilary Cox (ENE); Edwards, Matthew (ENERGY); Patrick Laughton (MOF); David Barrett
Subject: Rate Mitigation Implementation Meeting - July 27, 2017

Hi everyone,

Please find attached the material for discussion tomorrow morning.

Thanks,
Martin

From: Kenneth Russell
To: John Kim
Cc: Gavin He
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Monday, October 30, 2017 12:11:45 PM

John and Gavin

I want to make it clear that the marked up draft which came back from MoE significantly changed the role of the OFA from what I understand the OFA has agreed to do. That is why I did not comment on that draft. The clean draft of v6 sets out what I understand to be the service which the OFA has agreed to provide.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, October 26, 2017 10:51 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.
>
> Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.
>
> Ken
>
> ---
>
> **From:** Gavin He
> **Sent:** Thursday, October 26, 2017 9:16 AM

To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>
Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.
>
> Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.

Thanks,
Gavin He

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

From: Kenneth Russell
To: John Kim
Cc: Gavin He
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs
Date: Monday, October 30, 2017 12:52:27 PM

John and Gavin

There are some changes in terminology in the MoE draft which could could be incorporated into the OFA draft if you wish if the direction of the OFA draft is confirmed.

Ken

Sent from my iPhone

On Oct 30, 2017, at 9:26 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Thanks Ken.
>
> Gavin, could you share the clean version (v.6 clean) with Shruti Talwar?
>
> Thanks,
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, October 26, 2017 10:51 AM
> **To:** Gavin He <Gavin.He@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: Revising OFA MOU with Energy to include Fair Hydro Programs
>
> Gavin
>
> The draft MOU attached to your e-mail (v.6 clean) is the last draft on which I have signed off.
>
> Subsequent to that draft the attached marked up draft was provided to me. My view is that this draft contains a revised structure which is unacceptable to the OFA. I have not provided any comments on this draft pending further discussions with OFA staff.
>
> Ken
>
> ---
>
> **From:** Gavin He
> **Sent:** Thursday, October 26, 2017 9:16 AM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>

Subject: RE: Revising OFA MOU with Energy to include Fair Hydro Programs

Hi Ken,

Hope all is going well! Just want to refresh the OFA MOU with Energy on the Fair Hydro Plan. Attached is the latest draft we have, are you aware of any updates that we should make to the MOU?

Energy is likely to reach out to us again on this MOU.

Thanks,
Gavin He

From: Kenneth Russell
Sent: Thursday, July 20, 2017 12:21 PM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>
Subject: Re: Revising OFA MOU with Energy to include Fair Hydro Programs

Gavin

The current plan is to enter into a separate MOU for the Fair Hydro Plan. A draft of that MOU is currently with John Kim and Ken Kandeepan for comment.

Ken

Sent from my iPhone

On Jul 20, 2017, at 12:18 PM, Gavin He <Gavin.He@ofina.on.ca> wrote:

> Hi Ken,
>
> Hope you are doing well! The Ministry of Energy is looking to update the OREC MOU with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs.
>
> Could you please take a look at the attached MOU and let us know if you have any comments? Energy would like to have our feedback by Monday, so it would be great if you could please provide us your feedback as soon as possible.
>
> Thanks,
> Gavin He

From: Hunter, Robert A. (ENERGY) [mailto:Robert.A.Hunter@ontario.ca]
Sent: Thursday, July 20, 2017 9:59 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Shajee Kathirgamanathan <Shajee.Kathirgamanathan@ofina.on.ca>; Dade, Christine (ENERGY) <Christine.Dade@ontario.ca>; Sunita Chander (ENERGY) <Sunita.Chander@ontario.ca>; Pratima Gounden (ENERGY) <Pratima.Gounden@ontario.ca>
Subject: Revising OFA MOU with Energy to include Fair Hydro Programs
Importance: High

Hi Gavin,

I hope you are the correct contact for this as we worked through the OREC MOU together. If not can you please direct me to the correct contact?

The Ministry is aiming to revise its Memorandum of Understanding with the OFA to include provisions to give the OFA authority to make payments for the new Fair Hydro Plan programs. We will provide the cost centre information and payment information. The payments will work similar to how they currently work for the Ontario Rebate for Electricity Consumers. The document is based on the OREC MOU and has been updated to include provisions for the Fair Hydro Plan.

We are on a bit of a time crunch as we would like to have this in place before payments need to be made (mid-August). **Can you please review the attached MOU and provide any comments/requested changes by Monday, July 24 EOD?**

Please let me know if you have any questions.

Thanks,

Robert Hunter
Policy Analyst

Ministry of Energy: Distribution and Agency Policy Branch
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Phone: (416) 325-6899
Email: robert.a.hunter@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is

intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OREC-Fair Hydro MOU - Energy-OFA Draft 07-20-2017 Clean.docx>

From: Kenneth Russell
To: John Kim
Cc: Bruno Amara
Subject: Re: SLA draft
Date: Friday, August 04, 2017 1:25:43 PM

John

I am out of town today. I will be able to look at this late in the day on Monday.

Ken

Sent from my iPhone

On Aug 4, 2017, at 1:08 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Ken,
>
> Could you pls. Comment?
>
> John
>
> Begin forwarded message:
>
> **From:** "Montgomery, Kaitlin (MOF)" <Kaitlin.Montgomery@ontario.ca>
> **Date:** August 4, 2017 at 11:28:05 AM EDT
> **To:** "Kim, John (OFA)" <John.Kim@ofina.on.ca>
> **Subject: RE: SLA draft**
>
> Hey – Attached is my proposed markup. ENE will take full responsibility for the due diligence and ensuring the payments are correct etc. but we would authorize the OFA under the FAA to make the payments.
>
> The lawyers indicated it didn't make sense for them to review until the business groups were in agreement on process.
>
> Happy to jump on a call to discuss if that's easier.
>
> Kaitlin
>
> ---
>
> **From:** John Kim [mailto:John.Kim@ofina.on.ca]
> **Sent:** August 1, 2017 1:21 PM
> **To:** Montgomery, Kaitlin (MOF)
> **Subject:** RE: SLA draft

Let's put it this way – there was one example but understand that the decision was taken to reverse that role.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 1:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Ok thx for double checking – I'll chat with Scott and figure out a path forward

---

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:19 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Hi Kaitlin

There is significant resistance to the OFA taking that role.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 12:02 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey john – do you have a couple minutes to chat about this?

6.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 3:53 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

You too!

The challenge Kaitlin is the FAA so that may be a requirement.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]

Sent: Friday, July 28, 2017 3:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

You can probably predict ENE edits for the most part – Would really like to avoid the need for ENE to send "approval" every month.

Hoping to get back to you Wednesday with some tracked edits - and then its probably worth setting up a call to discuss

Have a good weekend!
kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 10:11 AM
To: Montgomery, Kaitlin (MOF)
Subject: SLA draft

Hi Kaitlin,

Here's the draft SLA as drafted by OFA Legal.

Could we get this bounced off Energy Legal?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OFA - MoE MOU Fair Hydro Plan(v6)clean - igs.docx>

From: Kenneth Russell
To: John Kim
Subject: Re: SLA draft
Date: Monday, August 14, 2017 11:12:43 AM

I will be in the office today. I am available all afternoon.

Sent from my iPhone

On Aug 14, 2017, at 10:35 AM, John Kim <John.Kim@ofina.on.ca> wrote:

> Hi Ken,
>
> Are you available this week for a call? I have an unrelated question.
>
> John
>
> ---
>
> **From:** Kenneth Russell
> **Sent:** Thursday, August 10, 2017 4:56 PM
> **To:** Bruno Amara <Bruno.Amara@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** RE: SLA draft
>
> Bruno
>
> I have had the opportunity to review the proposed changes to the draft SLA. I have serious concerns about both the proposed procedures and the responsibilities that the OFA is being requested to undertake under this draft.
>
> The share subscription process is monthly under the proposed program. Energy will have to sign a share subscription each month. It is not clear to me how Energy intends that it can proceed by way of an annual approval.
>
> It is again proposed that an OFA official deliver the Section 11.4 certificate. This would place a due diligence responsibility on the OFA.
>
> I would suggest that a meeting with John Kim next week to discuss this further.
>
> Ken
>
> ---
>
> **From:** Bruno Amara
> **Sent:** Thursday, August 10, 2017 2:47 PM
> **To:** Kenneth Russell <Kenneth.Russell@ofina.on.ca>
> **Cc:** John Kim <John.Kim@ofina.on.ca>; Lisa Stein <Lisa.Stein@ofina.on.ca>
> **Subject:** RE: SLA draft

Hi Ken

Just checking to see if you had a chance to review the attached. (Copying Lisa as I at first sent this follow-up to her in error).

My understanding is that the key issue that had been discussed with Energy (through Investment Government Branch) was whether formal authorization would be required each month from the Minister of Energy for subscription payments. OFA preferred this approach, but Energy preferred an annual approval. I understand also that responsibility for due diligence was a key factor. In the attached Energy has edited to clarify that it would conduct the necessary due diligence (see 9. Below). The MOU also notes that OPG would notify both Energy and OFA of monthly subscription amounts, and that Energy would notify OPFA within 3 days if there were any issues with subscription payment to be made.

> 9. Upon receipt of the Share Subscription, ENERGY will conduct the necessary due diligence to ensure that the documentation supports the Subscription Payment and that the Appropriated Amount is sufficient.

Thanks
Bruno

Bruno Amara
Sr. Manager, Financial and Regulatory Analysis
Electricity Finance Branch
Corporate and Electricity Finance Division
Ontario Financing Authority

Tel: 416-325-1489
Email: bruno.amara@ofina.on.ca

From: John Kim
Sent: Friday, August 04, 2017 2:28 PM
To: Kenneth Russell <Kenneth.Russell@ofina.on.ca>
Cc: Bruno Amara <Bruno.Amara@ofina.on.ca>
Subject: Re: SLA draft

Sure, I am off next week but pls let Bruno know of your comments.

Sent from my iPhone

On Aug 4, 2017, at 1:25 PM, Kenneth Russell <Kenneth.Russell@ofina.on.ca> wrote:

John

I am out of town today. I will be able to look at this late in the day on Monday.

Ken

Sent from my iPhone

On Aug 4, 2017, at 1:08 PM, John Kim <John.Kim@ofina.on.ca> wrote:

Hi Ken,

Could you pls. Comment?

John

Begin forwarded message:

From: "Montgomery, Kaitlin (MOF)" <Kaitlin.Montgomery@ontario.ca>
Date: August 4, 2017 at 11:28:05 AM EDT
To: "Kim, John (OFA)" <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey – Attached is my proposed markup. ENE will take full responsibility for the due diligence and ensuring the payments are correct etc. but we would authorize the OFA under the FAA to make the payments.

The lawyers indicated it didn't make sense for them to review until the business groups were in agreement on process.

Happy to jump on a call to discuss if that's easier.

Kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:21 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Let's put it this way – there was one example but understand that the decision was taken to reverse that role.

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 1:20 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Ok thx for double checking – I'll chat with Scott and figure out a path forward

---

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: August 1, 2017 1:19 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

Hi Kaitlin

There is significant resistance to the OFA taking that role.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Tuesday, August 01, 2017 12:02 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

Hey john – do you have a couple minutes to chat about this?

6.6343

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 3:53 PM
To: Montgomery, Kaitlin (MOF)
Subject: RE: SLA draft

You too!

The challenge Kaitlin is the FAA so that may be a requirement.

John

From: Montgomery, Kaitlin (MOF) [mailto:Kaitlin.Montgomery@ontario.ca]
Sent: Friday, July 28, 2017 3:11 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: RE: SLA draft

You can probably predict ENE edits for the most part – Would really like to avoid the need for ENE to send "approval" every month.

Hoping to get back to you Wednesday with some tracked edits - and then its probably worth setting up a call to discuss

Have a good weekend!
kaitlin

From: John Kim [mailto:John.Kim@ofina.on.ca]
Sent: July 28, 2017 10:11 AM
To: Montgomery, Kaitlin (MOF)
Subject: SLA draft

Hi Kaitlin,

Here's the draft SLA as drafted by OFA Legal.

Could we get this bounced off Energy Legal?

John

Y. John Kim
Director, Electricity Finance Branch
Ontario Financing Authority
e-mail: john.kim@ofina.on.ca
Ph: 416-212-6996

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

<OFA - MoE MOU Fair Hydro Plan(v6)clean -

igs.docx>

From: Ronald Kwan
To: Gavin He
Cc: Usman Zahid; John Kim
Subject: Re: Service agreement on Fair Hydro
Date: Thursday, November 09, 2017 10:00:06 AM

Also, has FTD reviewed the draft?

Thanks,
Ron

From: Ronald Kwan
Sent: November 9, 2017 9:46 AM
To: Gavin He
Cc: Usman Zahid; John Kim
Subject: Re: Service agreement on Fair Hydro

Hi,

What is the definition of or what does it mean under the FAA to be "eligible for" or "entitled to" a payment? Does it encompass that Energy, through its PRT, has received TB approval for an appropriation to make the payment? Should it? Should I assume that it does not require Estimates to have been approved by the Legislature or its committees, given how late that process can be into a fiscal year?

Does it include that OPG is not otherwise in default under the Master Subscription Agreement? Should it? Any other consideration/conditions considered and not recommended?

Thanks,
Ron

From: Gavin He
Sent: November 9, 2017 9:03 AM
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: FW: Service agreement on Fair Hydro

Hi Ron,

At the end of last month, Energy reached out to EFB to touch base on the MOU between MOE and OFA for the service agreement on FHP. In the previous draft version of the MOU, it was mentioned that OFA would get confirmation of the equity injection amount from MOE via the Subscription Form and the Certificate Form under section 11.4 of the FAA. So Energy has reached out to see if we have an example of the Certificate that we can share with them. Ken Russell said that OFA does not have a precedent section 11.4 certificate, so he drafted the attached certificate to be shared with Energy.

In the previous draft of the Master Subscription Agreement, it seems the templates of those two forms will be included, Energy has invited us to a meeting today to discuss questions with OPG re Master Subscription Agreement. Ken Russell, John, and myself are attending the meeting today.

Are you okay with us sharing the attached draft Certificate Form with Energy at a staff level? Also, I have attached the previous draft of the MOU provided by OFA Legal for your reference.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 01, 2017 10:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Thanks, Gavin.

Hope you are well too.

We are looking over the draft agreement

Can you send us an example of what the certificate could look like? We can then work with our lawyer to prepare a draft for this agreement.

Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: October 30, 2017 10:35 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Hope all is going well!

Please find attached the latest version of the MOU we currently have.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it.
Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Ronald Kwan
To: Gavin He
Cc: Usman Zahid; John Kim
Subject: Re: Service agreement on Fair Hydro
Date: Thursday, November 09, 2017 9:46:02 AM

Hi,

What is the definition of or what does it mean under the FAA to be "eligible for" or "entitled to" a payment? Does it encompass that Energy, through its PRT, has received TB approval for an appropriation to make the payment? Should it? Should I assume that it does not require Estimates to have been approved by the Legislature or its committees, given how late that process can be into a fiscal year?

Does it include that OPG is not otherwise in default under the Master Subscription Agreement? Should it? Any other consideration/conditions considered and not recommended?

Thanks,
Ron

From: Gavin He
Sent: November 9, 2017 9:03 AM
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: FW: Service agreement on Fair Hydro

Hi Ron,

At the end of last month, Energy reached out to EFB to touch base on the MOU between MOE and OFA for the service agreement on FHP. In the previous draft version of the MOU, it was mentioned that OFA would get confirmation of the equity injection amount from MOE via the Subscription Form and the Certificate Form under section 11.4 of the FAA. So Energy has reached out to see if we have an example of the Certificate that we can share with them. Ken Russell said that OFA does not have a precedent section 11.4 certificate, so he drafted the attached certificate to be shared with Energy.

In the previous draft of the Master Subscription Agreement, it seems the templates of those two forms will be included, Energy has invited us to a meeting today to discuss questions with OPG re Master Subscription Agreement. Ken Russell, John, and myself are attending the meeting today.

Are you okay with us sharing the attached draft Certificate Form with Energy at a staff level? Also, I have attached the previous draft of the MOU provided by OFA Legal for your reference.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 01, 2017 10:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Thanks, Gavin.

Hope you are well too.

We are looking over the draft agreement

Can you send us an example of what the certificate could look like? We can then work with our lawyer to prepare a draft for this agreement.

Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: October 30, 2017 10:35 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Hope all is going well!

Please find attached the latest version of the MOU we currently have.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Ronald Kwan
To: John Kim
Subject: Re: Service agreement on Fair Hydro
Date: Wednesday, October 25, 2017 8:03:19 PM

Hi John,

Any more info on this? And would Shruti know when the quarterly meetings will start?

Ron

On Oct 25, 2017, at 1:57 PM, John Kim <John.Kim@ofina.on.ca> wrote:

> Fyi. Not sure which agreement
>
> ---
>
> **From:** Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
> **Sent:** Wednesday, October 25, 2017 1:48 PM
> **To:** John Kim <John.Kim@ofina.on.ca>
> **Subject:** Service agreement on Fair Hydro
>
> Hi John,
>
> Hope things are well.
>
> My team is now responsible for OPG - Scott's group is no longer working on it.
> Can you send me the latest draft of the Service Agreement please.
>
> Thanks,
> Shruti
>
> **Shruti Talwar**
> *Director, Strategic Policy and Analytics Branch*
> *Strategic, Network and Agency Policy Division*
> *Ontario Ministry of Energy*
> 416.325-8698
> shruti.talwar@ontario.ca

From: Ronald Kwan
To: John Kim; Gavin He
Cc: Usman Zahid
Subject: Re: Service agreement on Fair Hydro
Date: Thursday, November 09, 2017 10:08:43 AM

Has FTD reviewed the draft certificate?

Ron

From: John Kim
Sent: November 9, 2017 10:07 AM
To: Ronald Kwan; Gavin He
Cc: Usman Zahid
Subject: RE: Service agreement on Fair Hydro

I believe the FAA defines eligible activities and under s15(2) 6, it mentions “entitled to reimbursement under a statutory appropriation administered by that ministry”. I am not sure if it fully addresses this scenario but will check with Ken R.

FTD was consulted in arriving at the MOU but a couple of months ago, if not more.

From: Ronald Kwan
Sent: Thursday, November 09, 2017 10:00 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: Usman Zahid <Usman.Zahid@ofina.on.ca>; John Kim <John.Kim@ofina.on.ca>
Subject: Re: Service agreement on Fair Hydro

Also, has FTD reviewed the draft?

Thanks,
Ron

From: Ronald Kwan
Sent: November 9, 2017 9:46 AM
To: Gavin He
Cc: Usman Zahid; John Kim
Subject: Re: Service agreement on Fair Hydro

Hi,

What is the definition of or what does it mean under the FAA to be "eligible for" or "entitled

to" a payment? Does it encompass that Energy, through its PRT, has received TB approval for an appropriation to make the payment? Should it? Should I assume that it does not require Estimates to have been approved by the Legislature or its committees, given how late that process can be into a fiscal year?

Does it include that OPG is not otherwise in default under the Master Subscription Agreement? Should it? Any other consideration/conditions considered and not recommended?

Thanks,
Ron

From: Gavin He
Sent: November 9, 2017 9:03 AM
To: Ronald Kwan
Cc: Usman Zahid; John Kim
Subject: FW: Service agreement on Fair Hydro

Hi Ron,

At the end of last month, Energy reached out to EFB to touch base on the MOU between MOE and OFA for the service agreement on FHP. In the previous draft version of the MOU, it was mentioned that OFA would get confirmation of the equity injection amount from MOE via the Subscription Form and the Certificate Form under section 11.4 of the FAA. So Energy has reached out to see if we have an example of the Certificate that we can share with them. Ken Russell said that OFA does not have a precedent section 11.4 certificate, so he drafted the attached certificate to be shared with Energy.

In the previous draft of the Master Subscription Agreement, it seems the templates of those two forms will be included, Energy has invited us to a meeting today to discuss questions with OPG re Master Subscription Agreement. Ken Russell, John, and myself are attending the meeting today.

Are you okay with us sharing the attached draft Certificate Form with Energy at a staff level? Also, I have attached the previous draft of the MOU provided by OFA Legal for your reference.

Thanks,
Gavin He

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, November 01, 2017 10:09 AM
To: Gavin He <Gavin.He@ofina.on.ca>
Cc: John Kim <John.Kim@ofina.on.ca>; Sud, Manu (ENERGY) <Manu.Sud@ontario.ca>; Graham

Young (MOI) <Graham.Young@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Thanks, Gavin.

Hope you are well too.

We are looking over the draft agreement

Can you send us an example of what the certificate could look like? We can then work with our lawyer to prepare a draft for this agreement.

Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Gavin He [mailto:Gavin.He@ofina.on.ca]
Sent: October 30, 2017 10:35 AM
To: Talwar, Shruti (ENERGY)
Cc: Kim, John (OFA)
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Hope all is going well!

Please find attached the latest version of the MOU we currently have.

Regards,
Gavin He

From: John Kim
Sent: Wednesday, October 25, 2017 5:42 PM
To: 'Talwar, Shruti (ENERGY)' <Shruti.Talwar@ontario.ca>
Subject: RE: Service agreement on Fair Hydro

Hi Shruti,

Things are good. Hope you're well too.

Which Service Agreement?

John

From: Talwar, Shruti (ENERGY) [mailto:Shruti.Talwar@ontario.ca]
Sent: Wednesday, October 25, 2017 1:48 PM
To: John Kim <John.Kim@ofina.on.ca>
Subject: Service agreement on Fair Hydro

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

This message, including any attachments, is meant only for the use of the individual(s) to whom it is intended and may contain information that is privileged/confidential. Any unauthorized use, copying or disclosure is strictly prohibited. If you are not the intended recipient or have received this message in error, please notify us immediately by reply e-mail and permanently delete this message, including any attachments, without reading them, and destroy all copies. Thank you.

From: Talwar, Shruti (ENERGY)
To: John Kim
Subject: Service agreement on Fair Hydro
Date: Wednesday, October 25, 2017 1:48:00 PM

Hi John,

Hope things are well.

My team is now responsible for OPG - Scott's group is no longer working on it. Can you send me the latest draft of the Service Agreement please.

Thanks,
Shruti

Shruti Talwar
Director, Strategic Policy and Analytics Branch
Strategic, Network and Agency Policy Division
Ontario Ministry of Energy
416.325-8698
shruti.talwar@ontario.ca

From: Mike Manning
To: John Kim
Subject: Subordinated Debt
Date: Wednesday, November 15, 2017 9:40:33 AM

Hi John:
We are having a meeting at 11:30 this morning on the subordinated debt for Fair Hydro in the Capital Markets Boardroom I believe. Would be great if you could attend . Other attendees Jim, Carlos & Ken k.

Regards, Mike

From:	John Kim
To:	Ken Kandeepan; Mike Manning
Cc:	Francisco Chinchon; Carlos Yep; Bruno Amara; John Psinas; James Devine
Subject:	TDS_v3.docx
Date:	Friday, April 21, 2017 11:48:20 AM
Attachments:	TDS_v3.docx

Hi Ken, Mike,

Let me know if this works.

I'm on the fence about the last bullet I added.

Thanks,

John

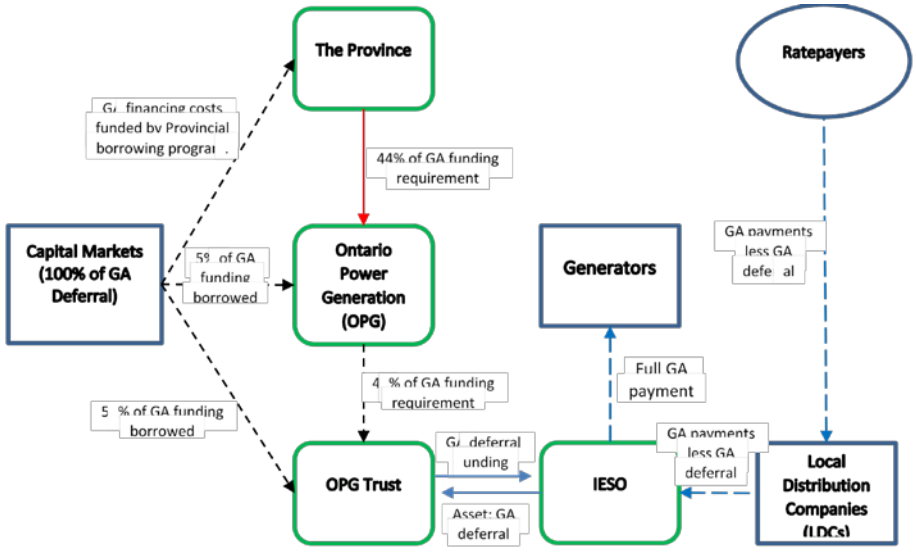
GA FINANCING – TD'S ADVICE SOUGHT ON CAPITAL CONTRIBUTION MECHANISM

The Capital Markets Division of the Ontario Financing Authority require TD advisors' recommendations and detailed descriptions of options vis-à-vis the proposal to provide capital ~~equity injection~~ to the Global Adjustment (GA) deferral proposal as part of the larger Ontario's Fair Hydro Plan, as announced on March 2, 2017.

Context

The Ministry of Energy, Ministry of Finance and the Ontario Financing Authority (OFA) are coordinating with OPG to implement a Global Adjustment (GA) smoothing mechanism.

Under the current proposal, OPG would develop a Special Purpose Vehicle (SPV) referred to as "OPG Trust" which will use 100% debt financing to purchase regulatory assets from the IESO. These regulatory assets represent the portion of RPP GA expenses recovery deferred to future years. IESO would use the cash from the OPG Trust to make up the shortfall in GA recoveries from ratepayers versus the cost of full payment to~~in order to fully compensate~~ generators.



OPG Trust would finance 51% of its funding requirements through the capital markets as senior debt with the remaining 49% being provided by OPG as subordinated debt. The 49% subordinated debt from OPG will be financed through debt OPG issues in its own corporate capacity, from the capital markets (5%) and through equity injections from the Province (44%). The Province will finance its capital

contributions ~~equity injection~~ through its annual borrowing program - from issuing debt into the capital markets.

Options for Equity Injection from TD Securities

The advice sought from TD could be summarized as follows:

When developing options for structuring the capital contributions ~~equity injection~~ from the Province to OPG for the~~amounting to~~ 44% of the ~~debt incurred~~financing requirement ~~-~~by the OPG Trust ~~set up~~ to purchase the regulatory asset from IESO, a number of ~~the following~~ underlying principles need to be addressed.

- While the Province is a sole shareholder of OPG, advice is sought to address potentially higher degrees of complexity of shareholder structure.
    - For example, options should include options for mechanism to create a level of certainty for recovering the capital ~~money~~ provided to OPG ~~no matter if~~whether this is done as common equity or through other mechanisms, including the potential use~~d~~ of preferred shares.~~as 'equity injection' for the purpose of the GA deferral proposal.~~
- Under the current state of discussion, t~~T~~he capital contribution ~~equity injection~~ would~~ill~~ be provided on a monthly/quarterly basis to OPG by the Province.
- The capital contribution ~~equity injection~~ results in the Province, the sole shareholder of OPG receiving common shares, or another type of security, from OPG whose valuation is based on a determined and agreed upon methodology. The Province will require an internal discussion before proceeding with a dialogue with OPG on the details.
- This methodology can be as simple as book value or can be based on some ~~kind~~ form of a discounted cash flow (DCF) mechanism but TD's expertise in structuring deals is sought in this request [keeping in mind the first bullet above].
- Given the time limited nature of the capital contribution ~~equity injection~~ the Province would anticipate~~s~~ repayment at a future date.
- The potential for repayment can be implemented as follows:
    - The Province as the sole shareholder~~, as well as having vested legislative authority~~, can require OPG to issue dividends annually.
- The shares issues by OPG can include some ~~kind~~ form of optionality to be exercised by the Province as and when repayment is ~~required~~due under the GA deferral plan. The nature of the repayment should be flexible enough to request payment at a much earlier date than anticipated, ~~given the potentiality of a new government's different policies subsequent to future elections~~with any number of possible causes, e.g. changes in government policy.

Commented [1]:
I suggest we delete this and have TD opine on options.

- ~~OPG c~~Could~~an~~ the structure involve issuing~~e preference~~ preferred shares ~~again~~ with some ~~kind~~ form of optionality for repayment. Preferredence shares, especially those with a specified annual dividend schedule could potentially~~will~~ ensure that the Province remain~~s~~ whole in terms of the incremental interest costs it would incur~~s~~ on the ~~equity injection~~capital contribution.

- Other factors to be considered for repayment:
  - Should the senior and subordinated debt be ranked as the same and if so does this impact market access
  - Should the senior debt be repaid first or should repayment be on a pari-passu basis
  - OPG may have concerns about their own credit rating if the number of shares issued to the Province substantially dilutes key ratios.
  - Eventually, the Province would need to have a discussion with OPG on the path forward.

Commented [2]:
Not sure if this is needed here.

Summarizing Issues to Work Around [Pls. Add More CMD and FTD]

- The Province will need to consider various levels of options for certainty in being able to recover its capital ~~getting the money back,~~ as stipulated in the GA deferral plan.
- The Province needs to be kept whole with respect to any financial cost that may arise from making and carrying forward the capital contributions.
- For regulatory purposes, there may be an interest in insuring that the capital contributions ~~equity injection is~~are considered a true equity in OPG's capital structure [TBD but still require consideration].
- The plan require that OPG operates on a commercial basis for the SPV with its Board needing to make independent decisions[, thus the need to have a discussion].
- In order to ensure continued treatment of OPG as a government business enterprise (GBE), the Province would want to avoid the appearance of providing zero or low interest loan.

From:	Carlos Yep
To:	Ken Kandeepan
Cc:	Mike Manning; James Devine; John Kim
Subject:	comments on sub debt
Date:	Monday, July 31, 2017 3:34:36 PM

Ken
Here are some comments that you can add:

Currently, OPG plans to use proxy short term funding (banking facilities) rates on the subordinated debt until such time as the FHT issues Senior Debt to take out (term out) the short term funding.

OPG can **simplify** (only set rates once) and **reduce financing risk** (there is no certainty as to the timing or term structure of the senior debt issuance) of the suggested process by terming out the subordinated debt at the time of each monthly equity injection from the Province.

Regards
Carlos

////////////// this is the original wording

- Interest rates on the subordinated debt will be established as follows:
    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt
    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

//////////////

From: John Kim
To: John Kim
Subject: files
Date: Monday, June 05, 2017 10:19:46 AM
Attachments: Draft Subordianted Debt Term Sheet.doc
Financing Trust - Performance Fee Recommendation.doc
GA Flow Chart May 2.ppt
Term Sheet_Master Subscription_draftMay26.docx

Y. John Kim
Director, Electricity Finance Branch
Corporate & Electricity Finance Division
Ontario Financing Authority
Ph: 416-212-6996
Email: john.kim@ofina.on.ca

Fair Hydro Plan – Subordinated Debt Loan Arrangement
Term Sheet

- Parties: OPG, Fair Hydro Trust, OFA

- In accordance with the Master Subscription Agreement among OPG, OFA and Ministry of Energy, the Province agrees to inject 44% of total funding of GA asset by way of equity subscriptions in OPG, and OPG agrees to use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt (Equity Injection Plan) requirements as part of the Fair Hydro Plan

- OPG will lend the equity injection from the Province to Fair Hydro Trust by way of subordinated debt (one or more mezzanine level)

- Initial credit rating will be assigned to the subordinated debt of Fair Hydro Trust

- Based on monthly funding requirement of GA asset, the Trust will use short term financing, such as bank facilities, and take out bonds once accumulative short term funding reaches certain levels.

- The mechanism to implement Equity Injection Plan will be based on monthly equity injections reflecting funding requirements of GA asset

- Interest rates on the subordinated debt will be established as follows:

    - During the Trust short term financing period when bank facilities are used as funding vehicles, the interest rate on subordinated debt will be the sum of (1) funding rate on senior debt, and (2) additional spread margin of [xx], reflecting the credit rating difference between the senior and subordinated debt

    - At the time when senior bonds are being issued to take out (term out) the short term financing, OPG will seek indicative coupon rates on the subordinated debt from dealers, reflecting the sum of underlying Government of Government of Canada yield of equivalent term and the appropriate credit spread. The average indicative coupon rate from dealers will be calculated and set as the subordinated debt rate. The process will be similar to the one established for pricing of OPG debt drawn from OEFC facilities.

FINANCING TRUST – PERFORMANCE FEE TO OPG

BACKGROUND

Ontario Power Generation Inc. (OPG) has been appointed the Financial Services Manager under the Fair Hydro Plan Act, 2017 to, among other things evaluate whether funding obligations should be incurred by the Trust for the purpose of acquiring and financing an investment interest. A performance fee relating to the funding obligations will be meaningful and allow OPG to make decisions that will significantly impact its return. The Act as drafted enables OPG to achieve its accounting objective of consolidation of the Trust with OPG, and the ability to earn a return and take on risk, through its control of the Trust.. The objective therefore is to recommend a reasonable variable performance fee structure for OPG to earn a return from the Trust, and meet the accounting requirement.

ANALYSIS OF ACCOUNTING REQUIREMENT

To support the accounting consolidation, OPG's variable performance return will be accomplished through the followings:

a. The cash flow from the investment asset shall include interest determined based on a relevant benchmark that is appropriate relative to the investment asset, plus an appropriate margin consistent with the relevant market and other risks
b. OPG shall have the authority to determine the financing strategy, which will vary the financing costs with the objective of enabling the Trust to achieve a more favorable return compared to the benchmark for interest on the investment asset
c. The Trust shall establish different classes of debt (senior, subordinated and the most subordinated). The classes would allow the Trust to delineate financing of lower risk investment and investment that would bear higher residual risk. The delineation would limit OPG's self-funded investment to a reasonable level in order to allow OPG to remain a self-sustaining entity.
d. OPG shall, through its ownership of the most subordinated liability, be able to capture and retain the pricing difference between cost of financing and benchmark for interest on the investment asset, or any residual risk of investment asset. The targeted return of the subordinated debt should be reflective of the underlying risks and compensate holders for active management that would be required.

PERFORMANCE FEE ANALYSIS

Based on the accounting requirements, the recommendation is for OPG to establish a variable performance fee structure as follows:

As the Trust may issue both long term bonds and medium term notes, benchmarks based on various terms, will be established on an annual basis, subject to the following methodology:

- Benchmarks will be established as the sum of (1) reference rate, and (2) spread
    - Both reference rate and spread will be term dependant

- For bond/note issuance, reference rate will be GOC rate of equivalent term
- Reference rate will be based on consensus forecast provided by various financial institutions

- Benchmarks will be established based on the weighted average rate of incremental debt issuance at the Trust level
- If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss
- Variable performance fee, i.e. gain/loss, is applicable only to OPG's investment in the Trust (5% of the funding requirement), and is capped at benchmark weighted average rate +/-1%

An example illustrating this structure is detailed in Appendix 1

APPENDIX 1

The illustration is based on the expected Trust debt structure as follows:

	Risk Profile	Source	% of Total Funding Requirement
Tranche A Senior Debt	the least risky	Capital Markets	51%
Tranche B Sub Debt	In between A&C	OPG via OEFC	39%
Tranche C Sub Debt	the most risky	OPG via OEFC	5%
		OPG via Capital Markets	5%

1. Benchmark is to be established at each year end for Trust issuance next year. In this example, assuming the following benchmark is established as of end of Yr 1

		Benchmark
Tranche A	51%	4.25%
Tranche B Sub Debt	39%	5.50%
Tranche C Sub Debt	10%	6.50%
Weighted Average Rate		**5.0%**

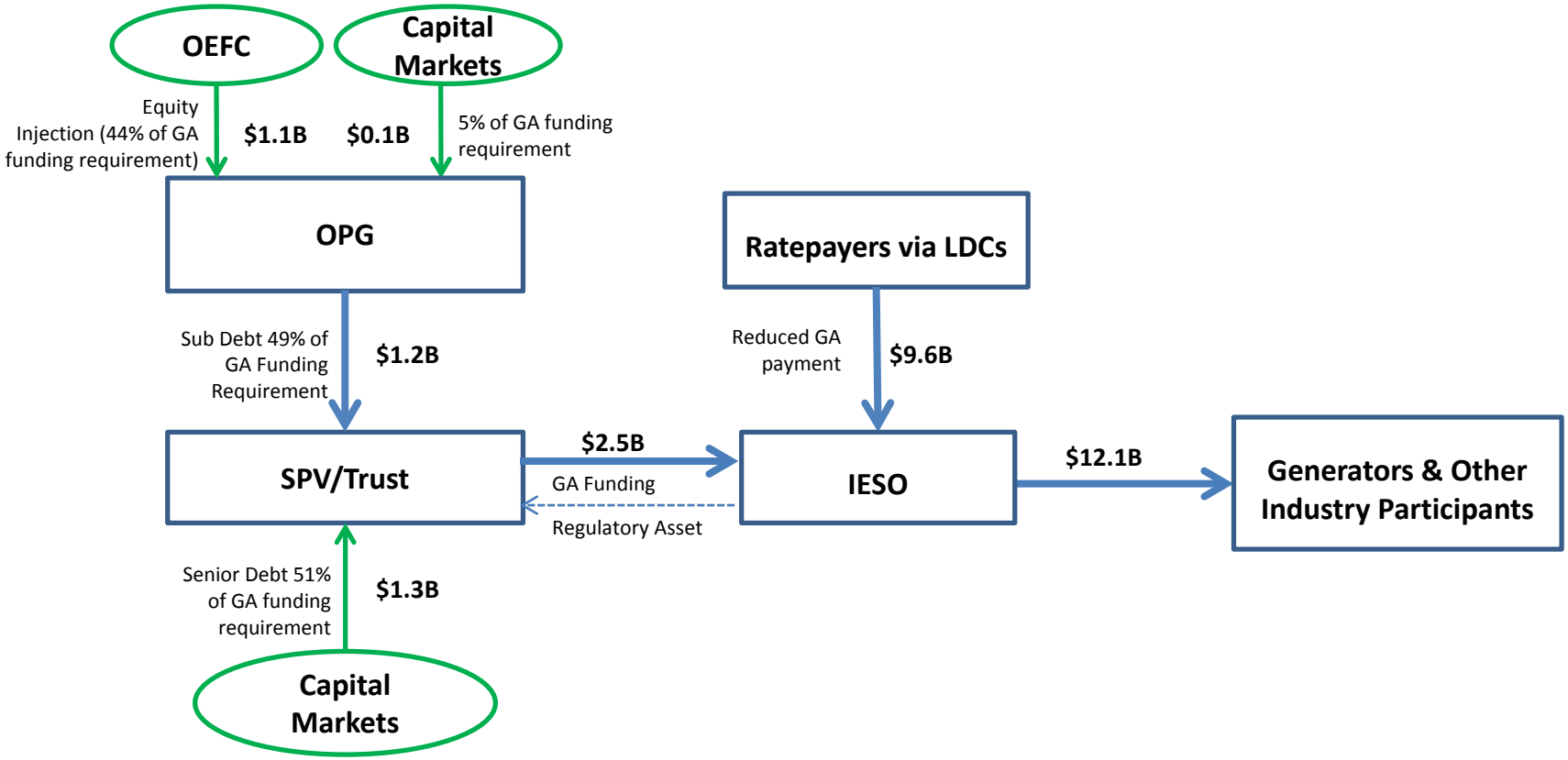
2. By the end of Yr 2, OPG will calculate the actual weighted average rate for all incremental issuance for the year. If the actual weighted average rate is lower than the corresponding benchmark, OPG will realize a gain, otherwise a loss.

	Allocation	Benchmark	Actual
Tranche A	51%	4.25%	5.0%
Tranche B Sub Debt	39%	5.50%	5.60%
Tranche C Sub Debt	10%	6.50%	6.60%
Weighted Average Rate		**5.0%**	5.4%
		Loss	0.4%

3. Variable management fee, i.e. gain/loss, is applicable only to OPG's investment (5% of the Trust funding requirement), and is capped at benchmark weighted average rate +/-1%.

   Based on the example above and assume incremental Trust issuance is $2B, OPG will realize loss of variable performance fee of 0.4M ($2B*5%*0.4%)

Illustration based on $2.5B GA Funding



Fair Hydro Plan –Master Subscription Agreement
Term Sheet

- Parties: OPG, OFA, Ministry of Energy

- The Province agrees to inject 44% of total funding of GA asset by way of equity subscription in OPG, which amount OPG in turn will invest in the Fair Hydro Trust as subordinated debt (**Equity Injection Plan**)

- Minister of Energy/Province approves Equity Injection Plan, and initial equity injection amount for 2017/18 fiscal year, and delegates to appropriate ministry staff authority to implement Equity Injection Plan (**Delegated Authority**)

- Long term, OPG equity requirements will form part of the business planning process in place between OPG and Ministry of Energy, ie, annually OPG to include forecasts of its equity requirements for the upcoming 3 years in its business plan submission -- NOTE: this portion of the business plan is not subject to concurrence by the shareholder

- Ministry of Energy will seek appropriation on an annual basis through PRRT for the amounts requested by OPG for its equity requirements-- NOTE: amount of annual appropriation to cover OPG multi year forecasts

- OPG agrees use the equity subscription amounts solely for funding the Fair Hydro Trust's subordinated debt requirements as part of the Fair Hydro Plan

- OPG will amend its Articles to create an additional class of shares – Class A Shares – which will be non-voting and redeemable at OPG's option

- OPG will issue Class A Shares to the Province monthly at a value per share equal to book value, as determined from OPG's last approved quarterly financial statements -- Value of first Class A shares issued to Province will be based on book value of OPG common shares – ie, existing shareholder's equity

- OPG will have the right to repay equity to the Province, through exercise of its right to redeem the Class A Shares, as principal repayment of the subordinated debt is made commencing in 2027

- Redemption value of the Class A Shares to be based on book value on the redemption date, ie, the equity value per Class A share at the end of the prior financial quarter as set out in OPG's approved financial statements

Monthly Process/Mechanics of Share Subscriptions:

a) OPG notifies OFA and Ministry of Energy of required equity injection and number of shares

   Timing: [same day as notice from Fair Hydro Trust]

   Documents/steps:

   (i) share subscription form,
   (ii) supporting documentation/invoice from Fair Hydro Trust, confirming amount of GA asset purchase for the month

b) OFA and OPG settle equity injection amounts

Timing: [five] business days from notice to OFA to payment/settlement with OPG [NOTE: timing to be confirmed based on IESO/Trust process requirements]

Documents/steps:
(i) completed/signed share subscription form from OFA/Province to OPG
(ii) funds transfer from OFA to OPG account)
(iii) OPG receipt, together with secretary's certificate confirming issue of shares/update of share register

Longer term Process/Approvals:

1. Equity Requirements Estimates:
    a. Business Plan Submissions
    b. OPG Board Approvals
        - [Bi-annual] Board of Directors' resolutions authorizing equity requirement for period
        - [Bi-annual Shareholder's resolutions authorizing equity requirement for period][NOTE: TBD if needed]

    c. Ministry of Energy appropriations
    [describe annual process]

Share Redemption Process

- TBD -- process to be determined at a later date and appended as Appendix to Master Subscription Agreement